

## F-14 Would Have Presented Minor Threat to U.S. Cruiser

By Richard Halloran  
*New York Times Service*  
WASHINGTON — The Iranian F-14 fighter that the U.S. cruiser Vincennes thought it had detected on Sunday would have posed a limited threat to the ship, aerospace industry and military officials said Wednesday.

The Vincennes shot down an Iranian F-14 fighter on Sunday, killing all 290 persons aboard, after the ship's captain concluded that the aircraft's identification signals were those of an F-14 on its way to attack.

At the same time, some U.S. Navy officers said they had not

ruled out the possibility that an Iranian F-14 fighter was flying near the ship.

Both assessments differed from earlier statements by senior officials of the Defense Department. J. Daniel Howard, the chief spokesman for the Pentagon, said Wednesday that an Iranian F-14 could have threatened American ships with anti-ship missiles capable of causing more damage than the weapons the plane normally carries.

Since Sunday, officials have said

publicly that they had no evidence that an F-14 was involved in the clash.

A spokesman for Grumman, maker of the F-14, was asked whether the plane, which was designed for air-to-air combat, could attack a ship. "When we delivered the F-14's to Iran, they were capable of firing Sparrow, Sidewinder and Phoenix missiles," he said, referring to air-to-air missiles.

Mr. Howard said that Iran had Harpoon anti-ship missiles that "they can sling under an F-14 with no difficulty."

He would not say, however, that the United States had evidence that F-14 had been seen flying with such missiles or had used them against ships.

He asserted that the crew of the Vincennes "had identified this aircraft as an F-14. They had to assume that it was a direct threat to them, whatever mode and whatever type of ordinance it was carrying."

**U.S. Says Error Is Possible**  
*Stephen Engelberg of The New York Times reported earlier from Washington.*

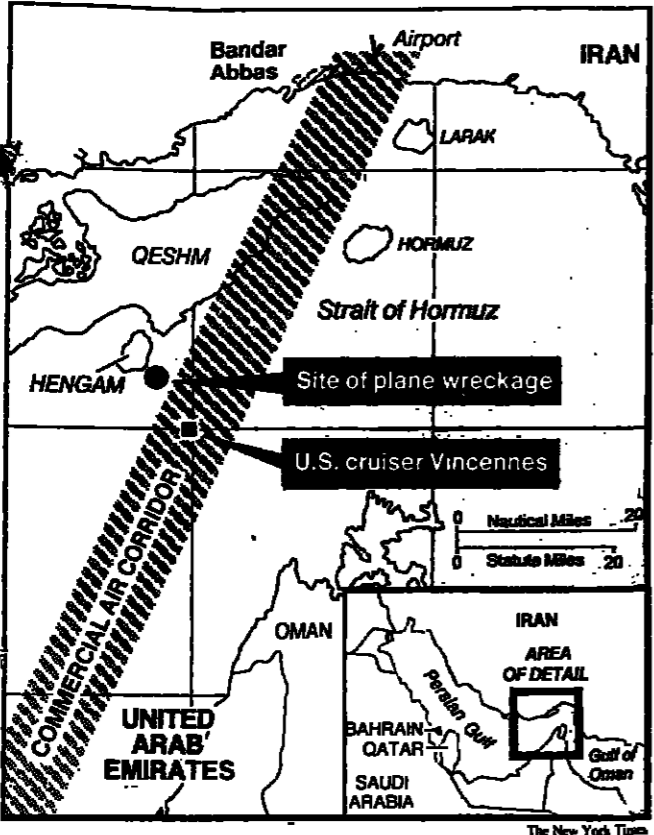
Military briefers reportedly have acknowledged to congressional leaders that there is a chance that the Vincennes picked up a military signal from elsewhere in the Gulf and mistakenly attributed it to the Iranian jetliner it was tracking on its radar screens before the plane was shot down.

The navy briefers' alleged remarks appeared to be at variance with comments made by Mr. Howard, who said the ship shot down the jetliner after it was detected emitting both military and civilian identification signals.

Earlier reports indicated the signals led the ship's crew to believe it was tracking the military plane.

But Representative Les Aspin, Democrat of Wisconsin and chairman of the House Armed Services Committee, said after a briefing late Tuesday that Pentagon offi-

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Striking workers protesting Wednesday at the Belgrade legislature. One carries a picture of Tito.

## Anti-Government Protesters Occupy Belgrade Legislature

*The Associated Press*  
BELGRADE — Several thousand workers from Yugoslavia's largest rubber and shoe plant forced their way inside the federal parliament building Wednesday after holding anti-government demonstrations in central Belgrade.

In the first such session in Yugoslavia since World War II, about 4,000 demonstrators clashed with security policemen in front of the parliament building, but the policemen were unable to stop the protesters from entering.

They filled the halls of the domed building, demanding negotiations with government officials and chanting slogans calling for changes in the leadership.

The demonstrators demanded the resignation of Nenad Krekic, the Yugoslav finance minister, who was the director of the factory two years ago and whom they hold responsible for the condition of the installation. The factory is in a fi-

nanial crisis and has been unable to pay full wages for June.

[Witnesses told Reuters that at least one policeman was injured during the incident, but relative calm was restored after the workers held a meeting with senior officials and left the building.]

The 5,000 demonstrators, representing 10,000 strikers at the plant, traveled on foot and by bus from Borovo, a central Yugoslav town about 100 kilometers (60 miles) west of Belgrade. They began arriving in the capital during the night.

They came to the capital to press demands for a 100-percent pay increase and changes in the government's latest austerity program.

At least 10,000 workers at the plant, which employs 23,000 people, went on strike Saturday in what is believed to be one of the largest work stoppages since the war in the Communist nation.

It is the latest in a series of protests in different parts of Yugoslavia by workers airing their griev-

## Soviet Forces And Armenians Clash, 36 Hurt

*United Press International*  
MOSCOW — Soviet troops backed by armored personnel carriers clashed this week with Armenian demonstrators occupying Yerevan airport, the Soviet Foreign Ministry said Wednesday, leaving at least 36 people injured in the Armenian capital.

Vadim Perflyev, a Foreign Ministry spokesman, said at a news conference in Moscow that the troops reacted after 1,900 demonstrators refused orders to disperse and instead began hurling rocks and bottles at them. The clash took place Tuesday.

Journalists working for government newspapers in Yerevan put the number of injured as high as 70, and one said a 22-year-old Armenian youth was shot during the clashes. Mr. Perflyev said that no one was killed in the airport clash.

Sources said that the use of non-Armenian troops to end the airport takeover may indicate that Moscow is losing patience with the nationalists who have been leading strikes and protests since February over the Nagorno Karabakh issue, and is prepared to reassert its control in Armenia.

The journalists said that Yerevan, a city of 1.1 million people, was struggling with a general strike that entered its third day Wednesday. The airport incident triggered another mass protest in the town's Opera Square.

"All factories, public transportation, and most things except food shops and hospitals are closed," a senior journalist for the Armenian Communist newspaper, the official organ of the party, said in a telephone interview.

The demonstrators were demanding the return of the Nagorno Karabakh Autonomous Region, administered by the neighboring Azerbaijan republic since 1923, to Armenian control.

About 80 percent of the 165,000 who live in Nagorno Karabakh are ethnic Armenians who resent rule by the mostly Moslem Azeris.

He said the protesters took over the airport Monday and occupied it until late Tuesday when the troops moved in.

In addition to the 100-percent pay increase, the workers are demanding a 30-percent reduction in administrative employees, better working conditions and full rather than partial payment of wages for June.

The demonstration in Belgrade's city center came after the negotiations with the government officials.

Hundreds of uniformed policemen kept the demonstrators away from passers-by.

The protesters carried Communist Party and Yugoslav flags.

Mr. Perflyev said the protesters had occupied terminal buildings and runways, disrupting services.

"The people who were evicted from the building of the airport behaved in disorderly fashion," he said, "throwing bottles and rocks at law enforcement officers. As a result, 36 persons had to seek medical assistance."

The Communist journalist said a youth had been killed. Speaking on the condition that he not be identified, he said that between 50 and 70 people were injured when the troops resorted to force to reopen the airport.

Mr. Perflyev termed the death report "groundless," but he did acknowledge that a person died from an act of "hooliganism" in a nearby town. He said it was unconnected with the ethnic violence of the airport demonstration.

Pravda, the Communist Party newspaper, said only that "measures were taken to restore the normal operations of the air service" but gave no further details.

A reporter for the Yerevan-based Armenian language newspaper Sovetskaya Armenia said that up to 70 people had been injured in the airport clash.

He said young Armenians broke windows and hurled rocks at the troops, which perhaps provoked the response.

"These are not militiamen involved in this operation," the reporter for Sovetskaya Armenia said. "These are all-uniform troops that were flown in from outside Armenia in the past few days."

He said the entire mood of the protests, which have gone on sporadically since February in Yerevan, has become more serious because of the presence of non-Armenian troops.

Pravda said a large column of

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## Insider Scandal Strikes Japan

By Margaret Shapiro  
*Washington Post Service*  
TOKYO — The president of Japan's biggest financial newspaper, Nihon Keizai Shimbun, resigned on Wednesday over an insider trading scandal that has touched several of the nation's political leaders, including former Prime Minister Yasuhiro Nakasone and three contenders for prime minister.

The resignation of the executive, Ko Morita, followed by hours a report in the national newspaper, Asahi Shimbun, that aides to several Japanese political leaders had

bought shares in a real estate company before it went public and sold them when the company went public two years later at a "substantial" profit.

According to the report, those involved included political aides to Mr. Nakasone, Finance Minister Kiichi Miyazawa and Shintaro Abe, a leader of Japan's governing Liberal Democratic Party.

Earlier reports had alleged that aides and relatives of a score of politicians, including another Liberal Democratic Party leader, Michio Watanabe, and former ministers of agriculture, education and defense, were also involved in the buying and selling of shares of the Recruit Cosmos Co.

Japan is known for its loosely regulated stock market and a political world closely tied to big business. But even by these standards, the allegations were startling.

It was not immediately clear what role Mr. Morita played in the affair. But a spokesman for the Nihon Keizai Shimbun group said at a news conference that while the trading done by Mr. Morita in the shares of Recruit Cosmos was not strictly illegal, it did pose ethical problems.

"President Morita wants to regard this case as a moral problem, and wants to take the responsibility in order to prevent his personal

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### Kiosk

#### GAF Indicted In Stock Probe

NEW YORK (AP) — A U.S. grand jury indicted GAF Corp., two of its subsidiaries and its chief administrative officer Wednesday for the alleged manipulation of the price of Union Carbide Corp. common stock in 1986.

GAF made an unsuccessful hostile takeover bid for Union Carbide in 1985 and held out the threat of another attempt until it sold much of its stake in late 1986.

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Each sleeping cubicle on the new U.S. space station has a computer. Page 8.

#### General News

Airbus flight recorders were seized by a French court that is investigating the June air show crash. Page 2.

#### Business/Finance

MTM Entertainment, founded by Mary Tyler Moore, agreed to be acquired by Britain's Television South. Page 9.

Dow Jones	
The Dollar	
New York	
DM	1.8198
Pound	1.7175
Yen	133.25
FF	6.1275

## Just How Wealthy Is Dukakis?

By Richard L. Berke  
*New York Times Service*  
BOSTON — Michael S. Dukakis cuts his grass with a simple hand-powered lawn mower, probably the only one left on Perry Street in Brookline.

He rarely uses credit cards, and he pays the bill immediately when he does. He owns no money and buys generic grocery products.

To neighbors, it appears that his ideas of household indulgences are a 1963 Sears snow blower and a recent cave-in to demands of his family: subscribing to cable television.

Twenty-six years after he first won elective office as a state representative, the prospective Democratic presidential nominee lives comfortably but not extravagantly.

He has made hardly any investments. The last time he took a financial risk was 25 years ago, when he bought the Brookline apartment building where he lived at the time.

But Mr. Dukakis is more affluent than his personal financial hab-

its would suggest. According to tax returns, financial disclosure reports and other documents he has made public over the years, he has a net worth of about \$500,000, including his house and investments.

Beyond that, he stands to inherit about \$1 million in family trusts left by his father, Panos, a family doctor who died in 1974. Vice President George Bush, Mr. Dukakis' expected Republican opponent, has a net worth of about \$2 million. He inherited \$140,000 on the death of his father, while his mother, who is still alive, inherited most of the \$3.5 million estate.

Neither is fabulously wealthy, and neither has had to struggle to make ends meet. But their wealth figures in the campaign, because of what Mr. Bush's aides contend is a misperception that the vice president, who was reared in affluence in New England and later was in the oil business in Texas, is far wealthier than Mr. Dukakis.

Mr. Dukakis plays on this perception. He encourages talk of his

paramony; the image meshes with his campaign message that the country needs a president who is a manager, who can balance budgets.

His campaigning reflects this message. Before his campaign reached the point of chartering planes, he was careful to tally mileage as a frequent flier on commercial flights. When his staff began having fancy buffets delivered to his hotel suites on the road, he halted the practice.

And the message gets under the skin of the Bush campaign. "Bush worked like a dog for his money," said Lee Artwater, the vice president's campaign manager. "The reason Dukakis doesn't care much about money is he didn't work for it. He inherited it."

Mr. Dukakis is indeed a direct beneficiary of \$1 million out of a total of \$2 million held in two trust funds set up on the death of his father, the first Greek immigrant to graduate from Harvard Medical

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Governor Michael S. Dukakis talking politics in Boston.

## After a Long Darkness, Ugandans Begin to Hope

By Mary Battista  
*Washington Post Service*  
NAKASEKE, Uganda — When Abdullah Mwangi, 5, scampers barefoot across his father's cassava fields, he keeps his eyes on the furrows for human bones.

When he finds them, as he often does, he picks them up and puts them in a pile. Then he waits for the government man from Kampala who scoops them into a black plastic bag and pats his head for a job well done.

Abdullah is too young to understand how mud-stained skulls and fractured femurs wound up on the family farm, and why they now are being stacked like coconuts in labeled sacks and hauled away.

For his parents, however, and tens of thousands of others in the fertile, coffee-growing region known as the Luwero Triangle, the black plastic bags offer a small but precious reason for hope.

The government's decision to collect the remains of the estimated 300,000 civilians killed here between 1983 and 1985 by the troops of the president then, Milton Obote, is a sign that Uganda is taking the first steps out of its long dark age.

It has been a slow dawn. Two and a half years ago, the guerrilla army of Yoweri Museveni marched into Kampala, hailed by many as the best hope for the battered country.

The mustachioed Mr. Museveni, who is about 43, had spent the previous five years in the bush forming his rebel army.

Taking power in early 1986, he promised that his government would bring an end to the 15 years of terror and bloodshed inflicted by presidents Obote and Idi Amin.

In its efforts to subdue opposition forces in the north and east, however, Mr. Museveni's National Resistance Army,

swollen with new recruits, committed atrocities of its own, albeit on a much smaller scale.

The fighting also devastated the northern half of the country and stalled economic recovery.

By early this year, the ethnic and regional hostilities that have hobbled Uganda since independence from Britain in 1962 seemed on the verge of falling it once again.

In June, however, Mr. Museveni restored momentum by signing a peace agreement with the last of his significant rebel opponents.

Human rights groups have credited the government with disciplining soldiers who commit crimes against civilians.

Uganda has agreed to allow the International Committee of the Red Cross to visit military detention centers where torture is alleged to have taken place.

Mr. Museveni has moved forward on economic reform as well, earning his government \$320 million in aid pledges from Western donors. This month, the government is expected to announce a reform package, worked out with the World Bank and Western donors, that is intended to prime the pump for even more assistance next year.

Observers say the hardest part — figuring out how and when to divide political power among the country's competing ethnic groups — is yet to come, but in the impoverished capital, the novelty of peace has induced a faint but discernible euphoria.

Christopher Sembajwa, a 47-year-old Ugandan businessman who returned to Kampala late last year after 13 years of exile in Kenya, is running a garage to make ends meet while he negotiates to recover the Wimpy restaurant franchise taken from him, and subsequently run into the ground, by Amin cronies in 1971.

"Now you have seen for yourself how Uganda is," he said proudly, showing a visitor the morning crush of minibuses

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## The Meese Resignation: Relief for Republicans

By Lou Cannon and Bill McAlister  
*Washington Post Service*

WASHINGTON — The surprise resignation of Attorney General Edwin Meese 3d removed a major political liability for the Reagan administration and Vice President George Bush's presidential campaign, friends of the president and Republican political sources said Tuesday.

Mr. Meese announced Tuesday that he would leave office in the next few weeks. He said that he had remained in his post because he refused to be "hounded out of office by false accusations."

Earlier in the day, an independent counsel investigating Mr. Meese concluded a 14-month investigation without bringing criminal charges.

Mr. Meese's resignation signals the departure of the last major controversial figure in an administration that has been largely reorganized in the twilight of the Reagan presidency. Reflecting his long association with Mr. Meese, Mr. Reagan was more adamant in defending the attorney general than any other appointee accused of unethical conduct.

Edward J. Rollins, a former White House political director,

said the resignation is "good for Bush" because it makes the ethics issues raised about Mr. Meese "a historical issue rather than a day-to-day issue."

Stuart K. Spencer, a longtime Reagan adviser, said in California, "Meese's resignation takes the issue off the table. Of course, it's good for Bush."

White House officials, speaking on condition of anonymity, said the resignation also could prove helpful to President Ronald Reagan in public appearances during his last year in office, the president has been dogged with questions about Mr. Meese, the "sleaze factor" and various ethical issues.

"It enables us to look forward," said an official. "It gives us a chance to appoint a 'Mr. Clean' or 'Mrs. Clean.'"

Governor Michael S. Dukakis of Massachusetts, the prospective Democratic presidential nominee, said in Boston that Mr. Meese's resignation was "long overdue" but that, "by itself, it is not going to solve this administration's problems with ethics in government."

The Reverend Jesse L. Jackson, also a candidate for the Democratic nomination, said in New York

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## 5 Palestinians Sentenced to Hang For Pan Am Hijacking in Karachi

*The Associated Press*  
ADIYALA, Pakistan — Five Palestinians were convicted Wednesday and sentenced to hang for the 1986 hijacking of a New York-bound Pan Am jumbo jet in which 21 people were killed.

The trial before a special one-judge tribunal was held in a makeshift courtroom in a prison in this town 30 miles (50 kilometers) west of Islamabad. It began in September.

The flight originated in Bombay and the plane was seized on the ground Sept. 5, 1986, in Karachi. It was on the tarmac for 17 hours before a hullabaloo ended the ordeal.

"We don't care about the sentence," said Salman Taraki, the suspected planner. "We care only about the millions of Arabs and Islamic countries."

In a statement issued in January, the five said their aim "was to fly the plane toward some sensitive, strategic center of the Zionist enemy and to blow it there, with us inside."

Handwritten text in Arabic script: "السلامة والنجاة"



# U.S. Team Begins Vincennes Inquiry

Compiled by Our Staff From Dispatches

**MANAMA, Bahrain** — A U.S. inquiry into the destruction of an Iranian airliner by the U.S. cruiser Vincennes opened Wednesday with investigators interviewing the commander and senior officers of the guided missile warship, military sources said.

Under a 15-day deadline and an official news blackout, the six-member team of experts went to work hours after arriving in the Gulf late Tuesday.

The group, headed by Rear Admiral William M. Fogarty, senior staff officer at U.S. Central Command headquarters in Tampa, Florida, includes a military lawyer and technical experts who will analyze computer tapes, communications records and other data.

At the United Nations, the Security Council agreed to take up on Tuesday the complaint by Iran against the United States over the downing of the plane, in which all 290 persons aboard were killed, delegates said Wednesday.

Diplomats said that Iran had not pressed for an earlier meeting, because a delay until next week would allow Foreign Minister Ali Akbar Velayati to attend.

In taking the case to the council, Mohammed Mahallati, Iran's permanent representative to the United Nations, said the United States should apologize to Iran and immediately begin to withdraw its forces from the Gulf.

Iran claims that the Vincennes, one of the U.S. Navy's newest and most sophisticated warships, knew that the plane it shot down over the Strait of Hormuz on Sunday was an Iran Air A-300B Airbus passenger jet.

In Washington, the White House said Wednesday that the United States has begun considering paying compensation to relatives of the victims of the incident.

The chief White House spokesman, Martin Fitzwater, who on Tuesday said compensation would not be considered until the two-to-three-week naval investigation of the incident was over, said that a decision could possibly come before then.

"Compensation is an issue that we are beginning to consider," Mr. Fitzwater said. "Attorneys at the State Department and the Justice Department are now beginning to do their research on that issue."

He added: "We have no timetable for a decision."

The Vincennes is equipped with a computer-linked radar and weapons system described by U.S. officials as the most advanced in the world.

A major goal of the inquiry will be to establish why the radar system did not distinguish between the wide-bodied airliner and a military jet.

U.S. military sources, who declined to be named, said that the first order of business would be interviews, conducted under oath, with Captain Will C. Rogers 3d, skipper of the Vincennes, and other officers involved in the firing of the two Standard missiles that destroyed the Iranian plane.

The inquiry team's mandate does not exclude a recommendation of disciplinary action if cause is found, the military sources said.

The sources also said that the 15-day deadline for the investigation could be extended if necessary. (AP, Reuters)

# Israel Agents Accused of Posing as TV Cameramen

By Glenn Frankel

Washington Post Service

**JERUSALEM** — ABC News has accused agents of Israel's Shin Bet security service of posing as an ABC camera crew in order to arrest a suspected Palestinian firebombing in the latest conflict between the press and Israeli authorities during the seven-month Arab uprising.

Rumors and unconfirmed reports of security forces and Jewish settlers impersonating foreign journalists have been rampant in the occupied West Bank and Gaza Strip for months. But the ABC allegation is the first time a news organization has made a formal accusation and protest about such practices.

The Israeli agents allegedly arrived at the West Bank village of Salfit two weeks ago, identified themselves as ABC cameramen and asked for the suspect, Nizar Dakdouk, 18, according to ABC. They purportedly said they wanted to film Mr. Dakdouk outside the remains of his family's house, which was demolished by the army a few days earlier because of his alleged involvement in firebombing a bus.

Mr. Dakdouk went off with the men and never returned, and ABC said military authorities confirmed he was being held at the Fuhh military prison in the West Bank.

The army has destroyed at least 40 houses of suspects so far this year. In most instances the demolitions are carried out before they are tried or convicted, and in Mr. Dakdouk's case, even before he was arrested.

ABC broadcast a two-minute clip on the alleged hoax Tuesday night. The president of ABC News, Roone Arledge, followed it up with a telex to Prime Minister Yitzhak Shamir's office expressing "deep distress" over the incident and demanding an investigation.

Mr. Shamir's media adviser, Avi Pazner, said the government would investigate it. An official at the Foreign Ministry said complaints had been raised "many times" during the uprising and "we got assurances at the highest level of the security forces that such a thing does not occur."

Most of the camera crews working in the West Bank and Gaza consist of Israeli citizens employed as free-lancers by the networks and ABC correspondent Dean Reynolds said their safety would be jeopardized if Arab villagers suspected them of being Shin Bet agents.

"Our crews have been frequently attacked or stoned in many cases, principally in Gaza, and when you ask them if Palestinians say 'well, the Shin Bet is doing the same thing you are,'" he said.

Israel has accused camera crews of inciting violence and, in some cases, even staging incidents, charges the networks have denied.



The French judge Germain Sengelin, left, with glasses, talking with officials during a visit Wednesday to the wreckage of the Airbus A-320 that crashed on June 26 while on a demonstration flight.

# Paris Court Seizes Airbus Recorders In Investigation of Air Show Crash

By Joseph Fitchett

International Herald Tribune

**PARIS** — A court has impounded the flight recorders of an A-320 Airbus that crashed last month.

The seizure late Tuesday came after accusations that government aviation officials had leaked black-box data to protect the reputation of the aircraft, the newest model

produced by the government-subsidized Airbus Industrie.

Judge Germain Sengelin said that he was "dismayed that civil aviation officials had been decoding the flight record without any judicial oversight and guarantees."

The head of the main French pilots union, Alain Duclos, said that he was "gratified that the

courts have intervened, although belatedly, to ensure an impartial investigation."

"We're not accusing the plane," he said, "but we're worried that full public blame might be put unfairly on the pilot." This, he said, would divert attention from possible design flaws or mechanical failures.

The reputation of the new airplane, the A-320, seems unlikely to suffer, independent industry sources said. They confirmed that they had been privately briefed by French sources on the contents of the black box.

They said that any suggestion of a government cover-up was unrealistic.

But other sources said that French civil aviation officials — who have administrative links with Airbus — could have created an impression of impartiality by leaking analyses of the digital flight recorder tracing the performance of the aircraft and saying publicly that the aircraft was not at fault.

Mr. Sengelin sealed the civil aviation archives of the recordings and ordered independent experts to review the black-box data.

Mr. Sengelin, 50, who in the past has been an advocate of greater independence for the French judiciary, took charge of the case late last week as a vacation replacement for the judge initially assigned to it.

The crash occurred at an air show on June 26 near Mulhouse in eastern France when an Air France Airbus, with a senior pilot at the controls, failed to pull out of a low and slow fly-by and crashed into trees at the end of the runway. Three people died, but the crew rescued 127 passengers from the burning plane.

The inquiry must answer several sensitive and technically complex questions. Among them:

• Did the airplane's computer-processor controls — known as "fly-by-wire" technology, proven in military aircraft and now becoming standard in commercial aircraft — help cause the crash?

• Who authorized the Air France plane, carrying passengers, to fly at an altitude generally considered dangerously too low at most air shows?

• Were adequate rescue services on hand?

• Did burning plastic cabin fittings give off toxic fumes that affected the lungs of the crew and passengers?

An unusual feature of the investigation is the fact of the crew's survival.

"It's rare in major accidents for the pilot to be on hand to defend himself," Mr. Duclos said. Mr. Sengelin confirmed that judicial inquiries in France usually start up only after the civil aviation investigation is complete.

The emergence of a separate judicial investigation alongside the Transport Ministry's inquiry, Mr. Duclos said, "gives us confidence that the final conclusions — whatever they are, including pilot error — will be impartial and therefore acceptable."

Mr. Sengelin has launched an investigation of the emergency services' performance and also brought the Air and Frontier Police into the inquiry, along with the air-transport police unit originally assigned to the case.

The new unit, like Mr. Sengelin, reports to the Interior Ministry, while the air-transport police work under the Transport Ministry, which oversees both Air France and Aerospatiale, the state-owned aerospace manufacturer that helps build Airbus.

"How can subordinates investigate their own superiors?" Mr. Sengelin asked.

# JET: Minor Threat to U.S. Cruiser

(Continued from page 1)

signals were not certain whether both signals had come from the civilian aircraft. He said the officials acknowledged under questioning that it was also possible the military signal had come from a separate airplane.

In another apparent discrepancy between the Pentagon's original version of events and its statements on Capitol Hill, Mr. Aspin said he had been told that the plane had been roughly within the accepted civilian air corridor for the flight from Bandar Abbas to Dubai.

The plane, Mr. Aspin said, had strayed to the west side of the corridor, four miles (6.5 kilometers) from the center of the path. It then moved back toward the center of the path in a maneuver that put it on a direct heading toward the Vincennes.

According to a public briefing Tuesday by Mr. Howard, the presence of the two signals raises the possibility that an Iranian fighter aircraft was near the civilian plane at the time the Vincennes fired two missiles. But Mr. Howard said the Pentagon continued to believe that only one aircraft was involved in the incident.

Admiral William J. Crowe Jr., chairman of the Joint Chiefs of Staff, said Sunday that the Vincennes had unspecified electronic signals that suggested the aircraft was an F-14 fighter aircraft. The evidence was the military signals.

Neither Mr. Howard nor other Pentagon officials offered an explanation of why a civilian airliner reserved for military traffic on its transponder, a device that, when struck by radar, sends back to the radar's source an amplified signal that serves to identify the aircraft.

According to Mr. Howard, when the Vincennes' radar picked up the jetliner, the plane's transponder appeared to send two different types of responses. One was compatible with normal commercial aviation; the other was one that could be sent only by a device coded for military.

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Mr. Peyrousi spoke to reporters who had come to view stacks of victims' bodies and shattered sections of the aircraft. The bodies and wreckage were recovered from the site, about 30 nautical miles from Bandar Abbas where the plane went down Sunday morning with 290 people aboard after being hit by a standard surface-to-air missile fired from the U.S. cruiser Vincennes.

Iranian officials appeared determined to give the tragedy maximum exposure in U.S. and other Western news media to cast opprobrium on the United States. Reporters were granted visas swiftly and officials planned a large memorial demonstration and funeral Thursday in Tehran.

A few bodies were buried in a ceremony in Bandar Abbas on Wednesday, presided over by Hashemi Rafsanjani, the speaker of the Iranian parliament and the commander of the Iranian Armed Forces. The other bodies were taken from a warehouse and flown to Tehran for the mass funeral services, officials said.

Mr. Peyrousi said he was in the control tower at the time. "Everything was normal. The aircraft was right on course. He was on the right track."

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# Jet Was on Course, Iranian Insists

Washington Post Service

**BANDAR ABBAS, Iran** — The Bandar Abbas airport manager said Wednesday that Iran Air Flight 655 was shot down as it climbed steadily on course well within a commercial air corridor used regularly by about 100 scheduled civilian flights.

The Iranian official, Hussein Peyrousi, said initial U.S. statements that the A-300B Airbus was outside its normal flight path were untrue, according to data recorded by a control tower radar at the Bandar Abbas Airport.

After first mentioning the aircraft was four miles (six kilometers) west of its assigned corridor, the Pentagon acknowledged Tuesday the assertion was wrong.

"The situation was quite normal," added Mr. Peyrousi, who said he was in the control tower at the time. "Everything was normal. The aircraft was right on course. He was on the right track."

Mr. Peyrousi spoke to reporters who had come to view stacks of victims' bodies and shattered sections of the aircraft. The bodies and wreckage were recovered from the site, about 30 nautical miles from Bandar Abbas where the plane went down Sunday morning with 290 people aboard after being hit by a standard surface-to-air missile fired from the U.S. cruiser Vincennes.

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# MEESE: Resignation Is Relief to Administration and to Bush Campaign

(Continued from page 1)

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But there was no attempt in the Bush camp to hide the joy and relief at Mr. Meese's resignation. "Ed did the right thing, and I wish him well," the vice president said in a laconic statement.

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While this view was widely shared in Republican circles, there was also widespread recognition that Mr. Reagan strongly backed the attorney general, a longtime

side and friend, and would not ask for his resignation short of an indictment. For this reason, Mr. Baker did not seek Mr. Meese's firing. Kenneth M. Duberstein, the new White House chief of staff, said Tuesday that Mr. Baker also did not exert pressure for Mr. Meese to leave.

Privately, Bush supporters and some officials had been critical of Mr. Meese's refusal to leave in the face of public opinion polls that showed him to be a Republican liability. Tuesday, however, the reaction from Mr. Meese's longtime critics in his party was gratitude that he had taken what one Republican close to the White House called "the last window of opportunity" to leave on his own terms.

Representative Lynn M. Martin, Republican of Illinois, national co-chairwoman of Mr. Bush's campaign, expressed a similar view. "Meese got what he needed, not

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# UGANDA: After the Long Years of Darkness, Ugandans Begin to Hope

(Continued from page 1)

and pedestrians at the city's overcrowded taxi park. "People are working."

Random machine gun fire in Kampala, common as birdcalls as recently as eight months ago, now is rarely heard. Instead of rushing off the streets at dusk, pedestrians can be seen in the city center as late as midnight. There are traffic jams for the first time in years as motor-balled vehicles are put back into service. A crew of Chinese engi-

neers is at work repairing boulevards.

More significant, perhaps, are the proceedings under way in a dingy auditorium of the Kampala police barracks, where a panel of high court judges and senior lawyers, known collectively as the Commission of Inquiry, is conducting public hearings on human rights atrocities committed by the Amin and Obote regimes.

The details of the testimony, which comes from ordinary citizens, priests, children, all under

oath, often reduce the presiding officials to tears. Excerpts are broadcast every Sunday night on Uganda Television, and long excerpts are printed in the nation's newspapers.

Nearly half of Uganda's estimated 15 million citizens are illiterate, and many more have little or no access to the mass news media, so the impact of the testimony is limited.

But prominent Ugandans say the hearings, expected to continue into 1989, are important in restoring

Uganda's faith in the rule of law. For all its achievements and promise, however, the Museveni government is still capable of acting arbitrarily. The country's broadly drawn Public Order and Security Act has been used by the government to arrest and detain journalists, editors and human rights activists as well as political and military opponents.

Political parties are still muzzled, and the promised discussion of a new constitution and national elections has been delayed.

# WORLD BRIEFS

## Seoul Announces Plan to Broaden Trade and Exchanges With the North

TOKYO (NYT) — President Roh Tae Woo, in a speech to be broadcast nationally on Thursday, announced a major change in South Korean policy toward North Korea. He said that he would allow trade, family visits and student exchanges with the North and would encourage other nations to pursue relations with North Korea.

It was not clear how North Korea would respond. North Korea has called for political and military talks to include representatives of the government and of opposition parties, an offer Mr. Roh did not extend.

Mr. Roh outlined several departures from the past. He addressed his speech to "my dear 60 million compatriots" in both North and South Korea. Rather than trying to make North Korea a parish state, Mr. Roh said that South Korea would encourage its allies to improve relations and to trade with the North. He said he would allow representatives of South and North Korea to contact each other at international gatherings.

Echoing student proposals, Mr. Roh called for widespread exchanges between South and North Koreans, including politicians, students, businessmen, journalists and athletes. Mr. Roh pledged to improve relations with such socialist nations as China and the Soviet Union, suggesting that his speech was also aimed at persuading nations that have relations with North Korea that South Korean foreign policy is changing.

Mr. Roh and other South Korean officials have been hinting at changes in their North Korea policy for several weeks. In early June, the government announced that it would allow public discussion of reunification, would release formerly censored information on North Korea, and it proposed resumption of cabinet-level talks.

## Malaysia Suspends 5 More Justices

KUALA LUMPUR, Malaysia (NYT) — The government of Prime Minister Mahathir bin Mohamad suspended five Supreme Court justices Wednesday and ordered them to face a special tribunal that will rule on their permanent removal.

The action grew out of a legal battle about an earlier suspension of the chief justice, on May 26, for alleged "lack of dignity, propriety and impartiality." The acting lord president, Abdul Hamid Omar, said Wednesday that in consultation with Mr. Mahathir he had recommended the suspension of the five justices over their ruling Saturday ordering a tribunal hearing the government's charges against the suspended chief justice, Mohamad Salleh Abbas, to refrain from advising whether to remove him.

The moves to disqualify 6 of the 10 members of the highest court follow constitutional amendments rushed through parliament by the government in March that severely curtail the independence of the judiciary. Observers say it was resentment of the court's role in political matters, typified by a decision last year to declare the ruling party illegal, that led Mr. Mahathir to push through the constitutional changes.

## Wörner Sure of Arms Pact Proposals

OSLO (Reuters) — Secretary-General Manfred Wörner of NATO said Wednesday that he was almost certain the Western alliance would complete proposals by the end of this year on a treaty with the Warsaw Pact to cut conventional arms.

"The alliance is preparing important proposals," he said while on a visit to Oslo. "Hopefully, we will have a mandate before year end — I'm nearly certain of it. Then we hope the Warsaw Pact will remove any obstacles to negotiations."

Mr. Wörner, who took over as head of the North Atlantic Treaty Organization from Lord Carrington of Britain last week, said the alliance must put across a more convincing picture of its policies. "It is imperative that we in the West retain the initiative," he said.

## 6 Die From Heat in Southern Europe

BELGRADE (Reuters) — At least six persons have died from the effects of a heat wave sweeping southern Europe, and weather forecasters expect the high temperatures to last for several more days.

Belgrade officials said Wednesday that five Yugoslavs had died after collapsing in the heat, which reached 40 degrees centigrade (104 Fahrenheit) in the Yugoslav capital. A rise in heart and respiratory problems was also reported.

In Italy, an elderly woman died Tuesday from the effects of the heat in the southern town of Bari, and athletes said dozens of people had been treated for heat exhaustion. In Athens, more than 300 people suffering from heat-related ailments have been admitted to hospital in the last few days.

## Open Debate Urged by Taiwan Party

TAIPEI (AP) — President Lee Teng-hui welcomed delegates Wednesday to a congress of the governing Nationalist Party, or Kuomintang, with a call for open debate.

The 13th party congress, which opens Thursday, is expected to elevate a new generation of leaders and determine the pace for more social and political liberalization. The congress is seen as a watershed in Taiwan's political development. Government initiative has virtually halted pending its outcome.

Mr. Lee, 65, acting chairman of the party, which has 2.4 million members, is expected to be elected chairman Friday by the 1,200 delegates to the congress. He has vowed to continue the political and social liberalization begun by the late Chiang Ching-kuo, the son of Chiang Kai-shek.

## A Fatal Bombing in a Namibian Shop

WINDHOEK, South-West Africa (AP) — One black man was killed and 18 people injured Wednesday when a bomb exploded at a butcher's shop here, the police said.

Two victims were in critical condition and four additional people were seriously injured, a police spokesman said. He said an explosive device estimated at 3 kilograms (6½ pounds) apparently was placed inside a parcel and left in the shop. The shop is in an affluent white area, but most of the victims were black, the spokesman said. No one immediately claimed responsibility for the blast.

The police suspected the guerrillas of the South-West African People's Organization, who have been waging a bombing and sabotage campaign for 21 years in an effort to gain control of South-West Africa, also known as Namibia.

## For the Record

Syrian-backed Palestinian guerrillas loyal to Sayed Musa began a major offensive Wednesday against positions held by forces loyal to Yasser Arafat, chairman of the Palestine Liberation Organization, who were defending Burj al-Brajneh, their last stronghold in Beirut, Palestinian sources said. There were no immediate reports on casualties.

A gunman shot a Roman Catholic in Dromore, Northern Ireland, from a passing car on Wednesday, then sped after the fleeing man, fired again repeatedly and killed him, the police said.

## TRAVEL UPDATE

### Europe Air Congestion May Worsen

BRUSSELS (Reuters) — Air traffic congestion, which is already delaying vacationers in Western Europe this summer, will get even worse, the head of Europe's scheduled airline association warned Wednesday.

Karl-Heinz Neumeister, secretary-general of the 21-member Association of European Airlines, said air traffic was being slowed by the division of European skies into more than 40 separate control areas.

He urged the creation of a single traffic control authority and attacked governments for doing little to ease air congestion. He also expressed concern that increasing demands on traffic controllers and pilots could endanger safety, and he backed calls for national air traffic control operations to be sold to the private sector to make them more efficient.

Slightly more than 100 people died in nearly 2,000 accidents on French roads during the first three days of July at the start of the French vacation season, according to official statistics released in Paris on Wednesday. The number of accidents was up by 15 percent from a year earlier, while the number of deaths fell by almost 16 percent.

## SOVIET: Clash With Armenians



# FBI Art Case: Is It Fraud? Is It Mass Produced? Or Can He Paint It Fast Enough?

By Robert A. Jones  
Los Angeles Times Service  
CARMEL, California — In the beginning, the FBI believed that it was investigating a routine case of art theft. One of Carmel's largest art galleries had reported several paintings missing from its walls, and two agents arrived to take a report. They debriefed the staff and then moved to the showroom filled with thundering seascapes and bucolic scenes of French villages.

That is when the surprises began. One of the agents, Richard Lack, noticed that the staff seemed to be joking about some of the very expensive art hanging on the walls. Then an assistant manager began to talk openly. She pointed out the peaceful scenes of French villages by Paul Valère — some priced at \$18,000 — and said that they were not painted by Mr. Valère at all.

As Mr. Lack described the conversation later in court documents, the assistant manager said that most likely Mr. Valère did not even exist. The landscapes actually were painted by teams of artists on an assembly line basis. One would paint the trees, another the clouds, still another the sky. The conver-

sation in the gallery apparently was light-hearted; Mr. Lack said the whole thing was treated as an "inside joke." The agents were not amused. They checked on Mr. Valère, could find no evidence that he had ever put a brush to canvas, and launched a formal investigation into possible interstate art fraud by Simic Galleries.

FBI investigations are not the normal thing on the streets of Carmel, and the potential of scandal has divided the art crowd into camps, each accusing the other of destroying Carmel's reputation.

Dozens of owners of Paul Valère paintings have called the local district attorney's office wanting to know if they should sue.

Meanwhile, officials at Simic Galleries claim that the whole thing is a case of mistaken identity. The conversation between the agents and the assistant manager really was a joke, they say, albeit an ill-timed one.

Mr. Valère does exist, they contend, and they offer an explanation for the Federal Bureau of Investigation's failure to locate him: Valère is not the artist's real name but a pseudonym.

"We could have told the FBI about the pseudonym if they had asked," said Edward King, a vice president for Simic. "I guess they never thought of that. It wasn't very sophisticated of them."

Mr. King said even he does not know Valère's real name, nor does anyone else at Simic. The artist's identity has been protected by his agent in France, Robert Fruchter, according to gallery executives.

Mr. Fruchter has described the artist as an aging and reclusive man who lives in rural France. Even under the heat of an investigation Mr. Valère has refused to come to the United States because of a lingering heart ailment, Mr. King said. So last month the gallery and Mr. Fruchter arranged for Mr. Valère to paint a demonstration canvas at his studio in rural France rather than Paris.

The demonstration took place before a "huissier de justice," a court marshal. Mr. Simic's attorney, Phillip J. Daunt, said that the documentation from the test arrived Friday and certifies that an artist identified by Mr. Fruchter as Mr. Valère completed a painting over three days.

This apparently does not satisfy the FBI. The agency has told Mr. Simic and Mr. Fruchter that it wants a painting test of its own to take place in Paris. Although FBI officials would not discuss the details, others close to the investigation say that the FBI will require the artist to complete the painting in two to three days and will safeguard the canvas each night to assure that no other painter works on it.

The painting will be shipped to the United States where experts will decide if the style matches those of Valère paintings sold at Simic.

Mr. Fruchter, reached by telephone at his office outside Paris, said that the artist is eager to accept the challenge posed by the FBI.

The only condition that Mr. Valère requests, according to Mr. Fruchter, is permission to conduct the painting test at his studio in rural France rather than Paris.

"There will be great stress during this period," Mr. Fruchter said. "So he is asking that he be able to use his own studio where the conditions are familiar."

"You must understand he is not only

being asked to paint but to paint within a certain time frame. He must know how quickly the paint will dry and what the light conditions will be. All these things become very important."

The question of where the painting takes place is still in negotiation.

There is reason for the FBI's continued skepticism.

In its initial investigation, the two agents sought to find the artist by using biographical information contained in a Simic brochure.

The brochure began, "Born in the Loire Valley in 1928, Valère has dedicated his artistic career to painting the antiquated villages and towns most familiar to him."

It went on to describe his education at the Ecole de Beaux-Arts in Tours and his several awards for painting, including the "Medaille d'Or du Salon d'Automne."

According to documents on record in federal court in San Jose, California, the two agents discovered that there was no record of Mr. Valère's attendance at the Ecole de Beaux-Arts, a discrepancy that could be explained by the artist's use of a pseudonym.

In addition, however, the agents found that no one could have won the "Medaille d'Or" because it does not exist.

"The Salon d'Automne does not nor ever has awarded a 'Medaille d'Or,'" said a brief by the U.S. attorney's office, filed in response to an unsuccessful court action by Mr. Simic seeking to limit the investigation.

Mr. Fruchter, who supplied the information for the brochure, concedes that there were some "inaccuracies," including Mr. Valère's birth date. Mr. Fruchter now says Mr. Valère was born in 1923, five years earlier than stated in the brochure.

One of the most intriguing conditions imposed by the FBI on the test painting is the two- to three-day time limit for completing the painting.

Apparently the agency wants to determine if the artist can paint his canvases as fast as Simic Galleries has been selling them.

Simic, which also operates galleries in the California cities of Beverly Hills and La Jolla, has estimated that it sells 90 new Valère paintings a year under an exclusive U.S. sales contract with the

painter. Mr. Fruchter put the number at 100 a year. Assuming that the 65-year-old artist works five days a week and takes a one-month vacation each year, that means Mr. Valère must be capable of cranking out an original oil painting every two and a half days.

If the painter cannot meet the pace in the FBI test, then the agency may wonder if he has some help with production.

At Simic, Mr. King said that he is not worried about Mr. Valère's performance. "When people buy a work of art, they naturally want to believe that the artist slaved for a long period. The truth is that many of our artists can turn out a painting in one day or two," he said.

At Simic Galleries, the Valère paintings sell for prices between \$2,000 and \$18,500. With an average price of \$8,000, Mr. Valère's 100 paintings a year generate a revenue of \$800,000.

And of course, Valère is only one of several dozen artists whose work Simic sells.

The painting test is supposed to take place within two weeks. Meanwhile, Simic continues to offer Valère paintings for sale.

## Superpowers Set Military Exchanges

WASHINGTON — The United States and the Soviet Union announced plans Wednesday for extensive military exchanges, including visits by officials and port calls by warships, in the next two years.

The announcement was made by Marshal Sergei F. Akhromeyev, chief of the general staff of the Soviet Union, and Admiral William J. Crowe Jr., chairman of the U.S. Joint Chiefs of Staff.

Marshal Akhromeyev, 64, was welcomed with a 19-gun salute as he began his visit. He said that no dates or sites had been set yet for port visits and added that lower-ranking commanders, athletes and historians would join the program.

Defense Secretary Frank C. Carlucci is scheduled to visit the Soviet Union next month.

Marshal Akhromeyev said that he and Admiral Crowe, 63, had discussed a range of military issues, including the downing of an Iranian airliner in the Gulf after a U.S. cruiser mistook it for an Iranian jet.

The Soviet marshal said he saw no parallel between Sunday's incident and the earlier Soviet downing of a South Korean passenger jet over the eastern Soviet Union, but he added, "We are military professionals and I didn't see fit to offer my advice to Admiral Crowe on this incident."



Admiral William J. Crowe Jr., left, chairman of the U.S. Joint Chiefs of Staff, escorting Marshal Sergei F. Akhromeyev, chief of the general staff of the Soviet Union, in Washington on Wednesday.

## Bush Stresses Conventional Arms Issue

By David Hoffman  
Washington Post Service  
WASHINGTON — Vice President George Bush, setting out his priorities for arms control, says he would "goose up the attention" paid to negotiations aimed at reducing the level of conventional forces in Europe.

Mr. Bush also said that he was pessimistic about a quick resolution of the current strategic arms talks with the Soviet Union.

In an interview Tuesday, the prospective Republican presidential nominee suggested that he would take a different approach from President Ronald Reagan, who has made no headway on conventional arms reductions and has focused this year on advancing the strategic weapons talks before he leaves office.

Mr. Bush said that his emphasis on conventional forces would be "very reassuring" to West European leaders, who have expressed concern about further cuts in nuclear weapons without first addressing the large Warsaw Pact advantage in conventional forces.

"That isn't to say I'd call back the negotiators and stop on START," Mr. Bush said, referring to the Strategic Arms Reduction Talks, "but I would certainly think that we'd want to put more emphasis on conventional force reductions."

Mr. Bush appeared to be preparing for the fall campaign against the likely Democratic nominee, Governor Michael S. Dukakis of

Massachusetts, who has called for modernizing conventional forces.

Mr. Dukakis said in an interview published Sunday in the Baltimore Sun that the modernization effort could cost \$3 billion over four or five years.

Discussing the situation in the Gulf, Mr. Bush said that despite the downing of the Iranian airliner, in which 290 persons were reported to have died, he believed that the U.S. presence "should not be deterred."

He said that U.S. military forces must remain in the region at least until the end of the Iran-Iraq war, when the naval presence could be scaled back.

"We will always have a mission in the Gulf," he said. "We always have had, will always continue to have as far as I'm concerned."

While both Mr. Bush and Mr. Dukakis have said the next president should devote more attention to conventional forces, they differ on other arms control issues, particularly on nuclear weapons.

Mr. Bush said that if elected he would "goose up the attention to the conventional force reduction."

"That's what I think is called for," he said.

While Mr. Bush did not explicitly call for a more cautious approach to the strategic weapons talks, an adviser, who declined to be identified, said that this may be inevitable for the next president, given the uneasiness of West Europeans and the technical problems in verification.

Another reason, the adviser said, is the unresolved question of how the United States will deploy land-based nuclear missiles such as the MX and Midgetman. The Reagan administration has been struggling to deal with a lengthy controversy over how to base the MX.

Mr. Dukakis has said he opposes both the MX and Midgetman but would leave the door open to a new missile. Mr. Bush said he supports both weapons, but he has not publicly addressed the issue.

Mr. Dukakis also opposes the Strategic Defense Initiative, for an anti-missile defense system, but Mr. Bush has supported the idea.

## Arms Pact Proposed

General Manfred Wörner of NATO said certain Western alliance officials this year on a treaty with the Warsaw Pact.

Important proposals, he said, will have a mandate before year-end to hope the Warsaw Pact will accept.

## at in Southern Europe

At least six persons have died from southern Europe, and weather forecasts to last for several more days.

Monday that five Yugoslavs had died reached 40 degrees centigrade (104 Fahrenheit in heat) and respiratory problems.

## aged by Taiwan

Lee Teng-hui welcomed delegates Wednesday Nationalist Party, of Kuomintang.

which opens Thursday, is expected to and determine the race for more seats.

## ing in a Namibian

South Africa (AP) — One black man was killed Tuesday when a bomb exploded at a shop.

at condition and four additional people were killed. He said an explosion of 60 pounds apparently was placed in the shop in an affluent white area here.

## VEL UPDATE

congestion May worsen

Air traffic congestion, which is expected to worsen this summer, will be exacerbated by the air traffic association's new rules.

## Clash With Armenia

Armenians and Azerbaijanis clashed in a border town, the Armenian government said.

# Missing someone back in the States?

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Herald Tribune

Next End the War

Remain in the Gulf

The attack by the Vincennes on the Iranian airliner left 290 civilians dead. What cause can justify the risk of so appalling an accident? It surely occasions a re-examination of the U.S. Navy's activities in the Gulf and the goals of American policy.

On With Diplomacy

The fear that arose when the Iranian airliner was downed was that Iran would yield to rage or otherwise use this accident to intensify hostilities in the Gulf and press an anti-American line. This could yet happen — vigilance is essential — but it is not foreordained.

So Much for Meese

Satisfied that he will not be indicted, Edwin Meese has decided to resign as attorney general. Even though he has not seen the just completed report of the independent counsel who investigated him for a year, he said on Tuesday that he was certain of vindication.

America Gets Football

America is number one in many things, often obnoxiously so, but it doesn't seem to care that it's next to nowhere in the world's number one sport. Americans are so out of it that they say "soccer" while everyone else calls it "football."

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LEE W. RUEBNER, Publisher

To Hear Moscow Talk, the United Nations Has a Future

By Flora Lewis

PARIS — After the American shooting down of an Iranian airliner with 290 people aboard, the Soviets have renewed their argument for replacing the U.S. Navy with a United Nations force in the Gulf.

Video War: Garbage In, Garbage Out and Cross Your Fingers

By Richard Reeves

NEW YORK — The New York Times headline Tuesday morning said: "Vincennes's Computers Are Said to Contain Details of Attack."

The Angola Talks Go to Washington

By Jim Hoagland

PARIS — Nature has been kind to Angola. It is history that has been engaged, drawing its people and abundant natural resources through slavery, domestic wars and foreign intervention.

Punish South Africa but Not Lesotho

By Moshoeshe II

MASERU, Lesotho — With the renewed state of emergency in South Africa and with Pretoria's banning earlier this year of 17 anti-apartheid organizations, the U.S. Congress has revived discussions of imposing sanctions against South Africa.

question. "The phases of democratizing the foreign policy process are greater than the numbers."
Would the Soviets have invaded Afghanistan if they had had such a system? He answered slowly. "I don't know. We had no idea of our public opinion. We've only begun polls."

On Duty in a War Zone but Not at War

THERE is a war under way in and around the Gulf. And the duty of sustaining the principle of freedom of the seas historically falls on the nation with the most powerful navy. That's America.

A Job for a United Nations Flotilla

IRAN has demanded a meeting of the United Nations Security Council. Americans should brace themselves for a dose of what they gave out when the Soviets shot down a South Korean airliner five years ago.

Iran Has Become the Evil Empire

IRAN qualifies as the new Evil Empire. After expressing sorrow, that innocent civilians died in the missile attack on the Iranian Airbus, one must quickly put this deed in perspective.

Something Is Wrong With the Navy

IT IS not clear what exactly is wrong with the U.S. Navy, but something fundamental is. It has been spending huge sums on unnecessary construction of aircraft carriers and on unnecessary recommissioning of battleships.

100, 75 AND 50 YEARS AGO

1888: Royalist Manifesto
PARIS — The newboys on the boulevard bid a brisk trade last night [July 6] by crying the seizure of another manifesto of the Comite de Paris.

1913: World Record Set

STOCKHOLM — M. Jean Bouin, of Marseille, the July 6 broken the world's record for an hour's run, established 24 hours ago by H.

Campaign

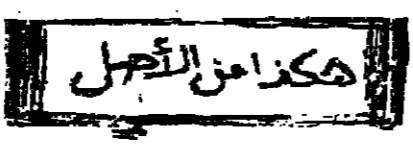
WASHINGTON — A campaign to raise money for the American Red Cross is under way in the U.S. Navy.

Responsibility for the

Responsibility for the... The war will be fought to a... The war will be fought to a...

In the Sou

By Michael Richardson
SINGAPORE — U.S.-Soviet rivalry over the military use of outer space has turned recent parts of the Pacific Ocean into an area of crucial strategic importance.





OPINION

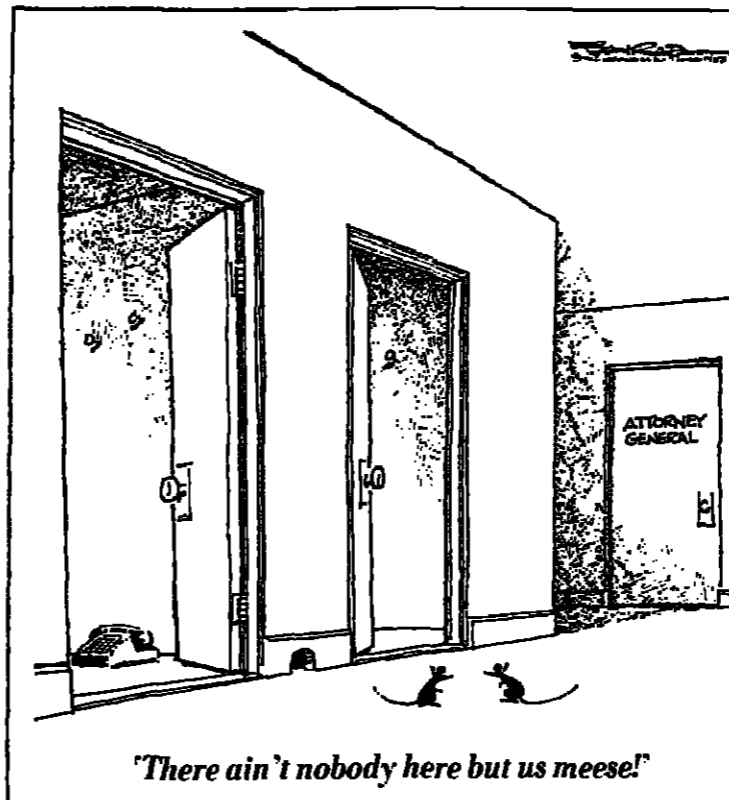
Campaign Lies Are a Dangerous Game

By Jim Fain

WASHINGTON—American political folklore has spun from George Washington to Baron Munchausen. Under the Modale Law, we've reversed the cherry-tree tradition and made only liars or idiots eligible for the presidency.

Walter Mondale did not sponsor his law; he was its first victim. If elected, he would raise taxes to cure the deficit. An ungrateful electorate clobbered him, and in this era of instant verities, Truth was Revealed as "Don't believe such nonsense. Ronald Reagan is a fantasist who has made a career of denial. Once he convinces himself of a convenient deception, it's unshatterable. He wasn't trying to ransom hostages. SDI will be leakproof."

election-year truce and agreed to a budget that no one even pretends is in hand-shaking reach of reality. The original Gramm-Rudman target for fiscal 1989 was \$72 billion. By juggling numbers, the administration says it will get under the revised goal of \$136 billion.



Psychobabbling Pays Well But It's Mostly Just Noise

By Jonathan Yardley

WASHINGTON — It was reported last week that "professional clinicians do not in fact make more accurate clinical judgments than lay persons" about the insanity or propensity to violence of criminal suspects.

MEANWHILE man or a truck driver as from a psychiatrist or a psychologist. More likely, perhaps, since the former may well have broader knowledge of actual, real-world human behavior than the latter.

The report cannot be dismissed by the community of latter-day phrenologists as the work of ignorant outsiders, for it comes from within that community.

Both of its authors are psychologists — one a director of a hospital in Rhode Island, the other an attorney specializing in expert witnesses. They studied 1,400 cases in which the judgments of psychiatrists and psychologists were employed by the courts, and concluded that "clinicians are wrong at least twice as often as they are correct."

No doubt this report will be cited as further evidence against the wholesale use of psychological testimony in court, but its implications are considerably broader than that.

Thus it is that in the courts the testimony of psychologists and psychiatrists — testimony fundamentally speculative by nature — is employed as routinely as that of police officers and private eyes, often at exorbitant fees.

But this prattle seems to be what we want, and publicity-seeking shrinks are most eager to give it to us. We are afflicted with a plague of psychobabble. We imagine it to be the message from the oracle, but it's really only noise.

LETTERS TO THE EDITOR

Responsibility for the War

Regarding "Gulf War: A Face-Saving Formula to Bring Iran Around" (June 22) by Anthony Parsons:

As someone very much concerned with the Iranian scene I applaud this excellent commentary. While I appreciate the wounds inflicted on the United States by postrevolutionary Iran, there is an urgent need for a balanced Western policy toward the region as a whole and the Gulf war.

RICHARD GALUSTIAN, London.

Iraqi cities on Sept. 4, 1980. That was followed by attacks on ships navigating the Gulf to and from Iraq. During the same period Iran closed the Shatt al-Arab waterway and impeded Iraq's maritime passage in the Gulf.

MOHAMMED SADIQ AL-MASHAT, Ambassador of Iraq, London.

writer publicly accused me of "gloating" over hunger and poverty in Vietnam. Gloating? It takes willful obtuseness not to see that in my letter I was decrying hunger and poverty, not gloating over it.

JACK JOLIS, Brasschaat, Belgium.

Distrusting the Latins

Regarding the opinion column "Paraguay: High Time to Interfere" (June 16): Robert E. White's remarks over the years on both El Salvador and Paraguay betray his lack of confidence in Latin America's ability to arrange its own affairs.

RICHARD J. DOUGLAS, Bilbao, Spain.

ed categories. Much needs to be accomplished to aid the poor in their later years and those particularly in declining health. European health systems generally offer superior quality health care to the aged and the poor.

HERBERT JOHNSON, Paris.

A Famous Flag Still Flies

The famous American flag that flew above the Eiffel Tower on Aug. 25, 1944, this year as symbolic guest-of-honor at Fourth of July ceremonies in, of all places, St. Tropez.

MORTON PUNER, St. Tropez, France.

A Tragic but True Story

In response to "Not the Way Parents Should Grow Old" (Opinion, June 30): The sad story told by Carolyn Kazdin is, I'm afraid, quite plausible.

RALF THILEN, Tenala, Finland.

Central America Matters

It is wishful thinking by The Washington Post ("Central America Hurts," June 21) to imagine that the United States could default in Central America and survive.

RALF THILEN, Tenala, Finland.

A New Generation in Iran

Propaganda statements about Iran, such as those written by Arash Parsi (Letters, June 7), serve no real purpose.

MAHMOUD MARASHI, London.

It Wasn't Gloating

I would have dismissed E. L. Zuntz's screed ("Gloating Is Out of Order," Letters, June 16) as just another twilight apology for communism had not the

GENERAL NEWS

In the South Pacific, a New Space Race

By Michael Richardson

SINGAPORE — U.S.-Soviet rivalry over the military use of outer space has turned remote parts of the Pacific Ocean into an area of critical strategic importance.

Both nations, these sources say, are vying for influence and geographic position in the South Pacific to secure their own space launch capabilities, to monitor each other's space activities, and, in the case of the United States, to be able to destroy Soviet satellites during a crisis.

The South Pacific region lies directly opposite the main Soviet satellite launch sites on the other side of the world.

Soviet satellites have been found to be vulnerable to interception at three "gateways" into space above this area, according to the experts.

The United States, the sources said, has nearly completed building a chain of radar stations on islands north of the gateways to track Soviet satellites as they are launched.

For its part, the Soviet Union has since 1986 negotiated three fishing agreements with South Pacific island nations, expanded its diplomatic presence in the area and offered favorable trade arrangements to several countries.

Western officials say the Soviet Union is seeking to establish a ground station in the South Pacific to maintain better control of its satellites and track other countries.

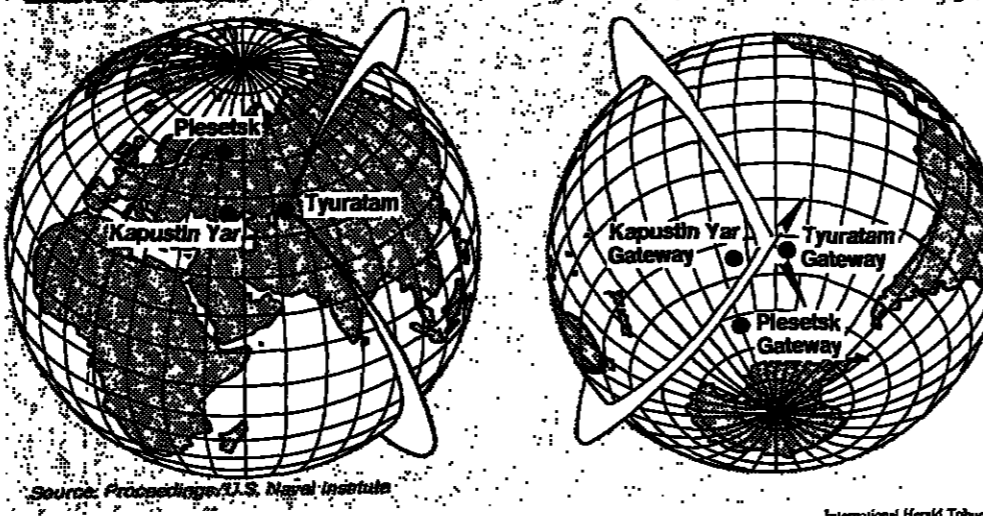
Senior Australian and U.S. officials meeting in Washington said in a communiqué last week that the Soviet Union was continuing to improve its military capabilities for use in the Pacific.

In a telephone interview, Aadu Karemaa, a satellite specialist in the space systems division of General Dynamics Corp., said that the U.S. Navy, by deploying anti-satellite weapons at the three gateway locations in the southern Pacific, could intercept and destroy Soviet satellites before they started operations.

Mr. Karemaa said that to protect Western sea, land and air forces it was necessary to control parts of the globe directly opposite the main Soviet satellite launch sites.

Vulnerable Area for Soviet Satellites

The three southern launch sites in the Soviet Union, and the gateways in the southern Pacific over which Soviet satellites launch their way during the first half of their orbit.



the opposite side of the globe after completing the first half of its initial orbit.

After the half-orbit, the effects of Earth's rotation, and maneuvering by ground controllers, will move the satellite to a different position, said Mr. Karemaa, who is manager of advanced anti-satellite systems at the General Dynamics plant in San Diego.

He said that the space gateways for satellites sent aloft from the three launch stations in the Soviet Union — Plesetsk, Tyuratam and Kapustin Yar — formed a triangle in the middle of nowhere between New Zealand and Chile in the South Pacific.

Mr. Karemaa wrote about space gateways for U.S. as well as Soviet satellites in an article published in a recent issue of Proceedings, the journal of the U.S. Naval Institute.

He said that the corresponding space gateways for U.S. satellites launched from Cape Canaveral in Florida and Vandenberg Air Force Base in California were in the southern part of the Indian Ocean.

Therefore, the United States could guarantee its access to space by securing the two launch facilities on its territory against possible attack and by "gaining control of the locations in the Indian Ocean, which can only be achieved by naval forces."

He said that existence of the space gateways was not widely known outside a small circle of people who worked on space defense matters.

Advertisement for Heineken beer. It features a large bottle of Heineken and a glass of beer. The text reads: 'Just a reminder of what you could be doing right now. When you make a great beer, you don't have to make a great fuss.'









SCIENCE

Apt. for 8 W/ View Of World

By Michael deCourcy Hinds

HUNTSVILLE, Alabama — The home for space-station astronauts that is being built here at the Marshall Space Flight Center might irritate Captain James T. Kirk, commander of the starship Enterprise in "Star Trek."

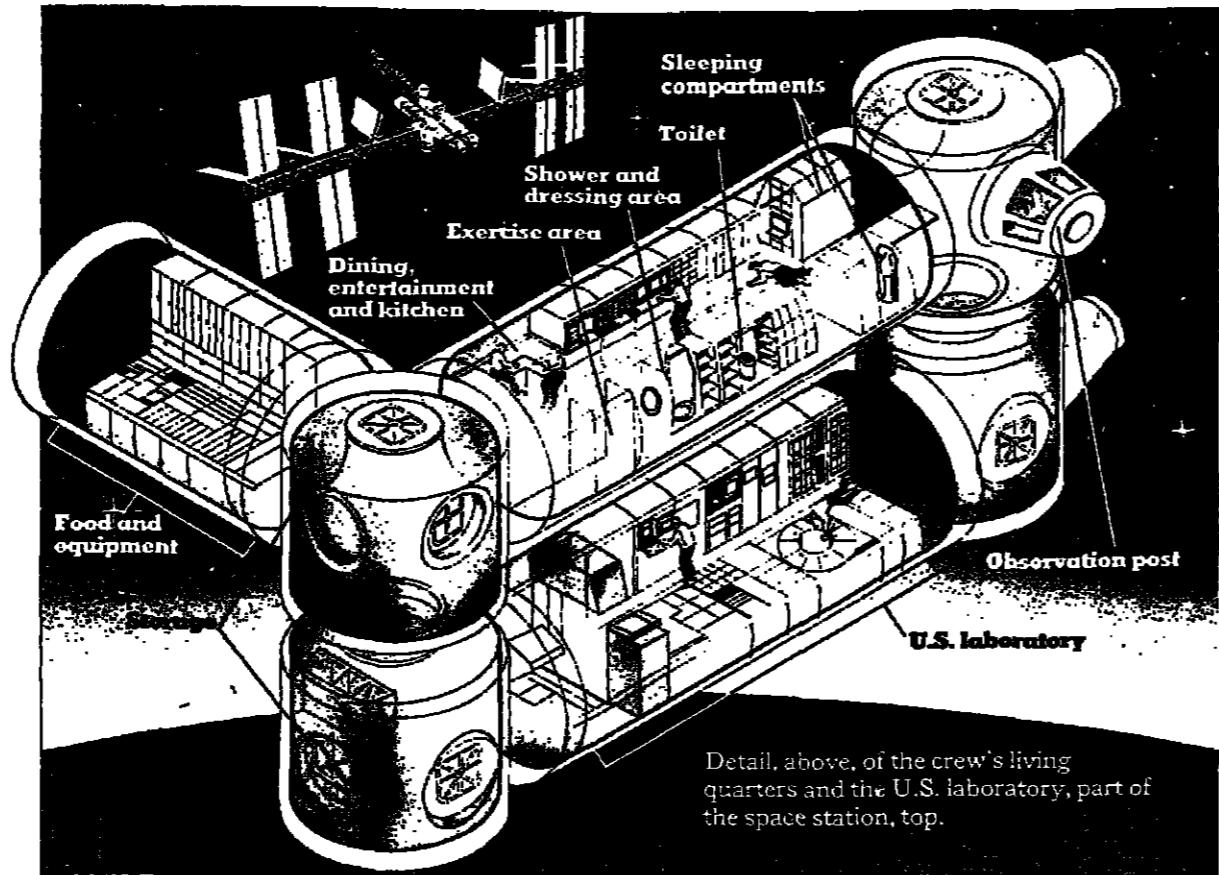
If the television hero from the 23rd century beamed himself from the Enterprise, which is as spacious and comfortable as a Miami Beach condo, into the astronauts' quarters of the space station in 1996, he would be nauseated by the weightlessness of space, as are most astronauts. He wouldn't be able to march around, either. Instead, he would alternately float freely or swing from bar to bar inside the crew quarters, which are no bigger than a mobile home.

Captain Kirk might ask his science officer, Mr. Spock, for a quick beam back to the Enterprise. But astronauts who lived 15 years ago in Skylab, the world's first space station, are impressed with the Marshall Center's full-scale mock-up of the living quarters. "I feel good when I go in the habitation module," said Gerald P. Carr, who commanded the 84-day Skylab 3 mission and now works as a consultant to the National Aeronautics and Space Administration.

The mock-up represents the efforts of hundreds of technicians, environmental psychologists, architects, engineers and spacecraft designers from NASA and the Boeing Co., which has the contract to build the habitation module. They are trying to design a place for eight men and women to work, sleep, eat, exercise, relax and enjoy themselves in the hostile environment of space. The shape, layout and color of the area must not only overcome size limitations, but also elevate the astronauts' moods and promote their productivity during their tours of three to six months.

The space station program has been controversial ever since President Ronald Reagan announced it in 1984. Budget committees in Congress are weighing the costs — \$14.5 billion and climbing — against the advantages of having a research laboratory with humans aboard, orbiting at 17,000 miles (27,000 kilometers) on a 90-minute orbital cycle above the earth's surface for about 30 years.

The United States, the European Space Agency and Japan are each providing a laboratory module on the space station, and Canada is helping design a crane to assemble the station in space.



or design on earth. "We're trying to blend science, art and engineering to advise spacecraft designers on creative environments for humans in space, but I've always thought the spinoff for terrestrial environments is the much wider use for our work," said Dr. Yvonne Clearwater, an environmental psychologist at the NASA Ames Research Center in California.

The habitation module — crew quarters — will include about a fifth of the space station's pressurized area. Modules for the three laboratories and the living quarters will be connected by cylindrical nodes, which provide observation windows, control stations and storage. A "logistics" module serves as a kitchen pantry and equipment storeroom; every 45 days a space shuttle will replace it with a fully stocked module and carry garbage and completed experiments back to earth. The space station will stretch over an area 208 feet wide (65 meters) and 508 feet long (154 meters).

Individual components will be built on earth and carried aloft by space shuttles on 19 missions over a three-year period starting in 1995. Astronauts will assemble the station.

The dimensions of the module — 43 feet long and 14.5 feet in diameter — are dictated by the payload bay of a space shuttle. A corridor 7 feet wide and 7 high cuts through the center of the cylindrical module, leaving rounded slices of space about 3 feet deep along all four sides of the corridor. Eight sleeping compartments are clustered at one end; the kitchen, dining room and exercise

area are at the other end, and in the middle are a shower, dressing area, toilet, medical testing equipment and central command center for the space station.

Very little is familiar in this home in space. The kitchen does not have a sink, counter or range, and there is only one drawer for utensils. Built into a box 8 feet wide and 7 feet high are two microwave-convection ovens, push-button water spigots, a computer terminal for food inventories, a dishwasher and storage cabinets for 14 days of "airplane food," as a NASA official described it.

Astronauts will float with their food trays to a nearby table and slip their feet into stirrups on the floor to keep stationary while they eat. At the table they might watch a wall-mounted television, gaze at the earth through two 20-inch portholes or use the pop-up computer terminal at each place. An astronaut could check the laundry spinning underfoot; the clothes washer is built into the floor.

The semi-oval table is designed to promote good "psychosocial group dynamics," said Joseph P. Hale, a specialist in human engineering at Marshall.

Because they are weightless, astronauts do not need furniture. As they relax they assume a "neutral body posture" similar to that of a person floating in water. To save space each will sleep vertically in a sleeping bag hung on the wall of his or her 42-by-46-inch cubicle, a marvel of efficient planning containing storage, audio and video systems and a computer work station.

The soundproof walls between compartments are like Dutch doors that can be partly or fully opened to communicate with neighbors or spouses; several astronaut couples are training for space station assignments.

The mock-up at Marshall has a white ceiling, off-white walls and a brown floor. The final colors have not been chosen, but scientists say a dark floor and light ceiling — giving cues for ground and sky — help orient astronauts and relieve nausea. Fluorescent tubes providing light in the full color spectrum will flatter skin tones. "If you don't look great, you won't feel great," Mr. Hale said.

The astronauts will select fabrics for cloth partitions, wall coverings and sleeping bags. There are two bathrooms. Traffic jams will be reduced by scheduling; the crew works in two 12-hour shifts. The shower looks like a shower, but the hand-held wand provides both water and a vacuum to remove it. Fans and vacuum devices also help eliminate waste from the toilet and from a plastic bubble where hands are washed. Astronauts shave in the shower and swallow their toothpaste.

Some time in the next few years, depending on federal financing and mission scheduling, Marshall and Boeing program managers say they will "freeze technology" and draw up a preliminary plan for the habitation module. After a NASA review, Boeing will draw up the final plan and build a testing model. Only then will Boeing build the habitation module that will be sent into space.

Soviet Mission to Mars

By John Noble Wilford

New York Times Service

THE Soviet Union, bidding for leadership in Mars exploration, plans to launch a pair of spacecraft this week and next on seven-month journeys to orbit the planet and dispatch landing vehicles to Phobos, a tiny gray moon believed to be an asteroid trapped by Martian gravity.

The two unmanned space probes will be the first spacecraft to travel to Mars in 13 years. The first is scheduled to be launched Thursday and is to be followed by an almost identical craft Wednesday. The craft are expected to attempt the first landing of scientific instruments on Phobos in April.

The potato-shaped moon would then become the fourth extraterrestrial body (after Earth's Moon, Venus and Mars) on which spacecraft have touched down. American Vikings landed on the planet in 1976. The last two Soviet expeditions to Mars, in 1974, were failures.

If the spacecraft are successful in reaching Mars next January, they will spend two or more years in orbit transmitting television pictures of the planet and data on its atmosphere, terrain and climate.

But the primary objective will be Phobos, which with a diameter of no more than 14 miles (27 kilometers) is a speck of a planetary companion but twice as large as the other Martian moon, Deimos.

From a little more than a mile above Phobos, the two orbiters are to probe the moon with radar, penetrating the surface to learn its texture and structure, and zap it with laser and particle beams to determine the chemical composition.

At their closest approach, cruising slowly within 165 feet (50 meters) of Phobos, the orbiters will each drop a stationary landing craft equipped with cameras and instruments for investigating the chemistry and structure of the moon.

One of the orbiters will also drop a 110-pound (50-kilogram) metal ball to the surface. Its spring-loaded legs are designed so the instrument-laden "hopper" can bound from place to place, making chemical, magnetic and gravity observations over a wide area. In the low-gravity environment, the hopper is expected to cover 60 to 100 feet with each bound and make at least 10 hops over four hours.

Each orbiter and lander is packed with 26 scientific instruments and cameras. Although the spacecraft were built in the Soviet Union and will be launched there, many of the instruments were produced in collaboration with 12 other nations, including the United States and several Western European countries. Americans have provided experience in Mars research have served as advisers and will help analyze data from the mission. After years of concentrating on Venus, Soviet scientists have given Mars priority and have mapped out a broad program of exploratory flights over the next decade. A Soviet landing on Mars with robotic rovers is scheduled for 1994, and another orbiting reconnaissance mission is being considered for 1992.

U.S. scientists are conducting preliminary studies for similar missions. But the only project to be approved and financed is the Mars Observer, an unmanned craft to orbit Mars in 1992 and survey the planet's geology and meteorology.

Since asteroids are too small to have substantial interior heating and other sources of dynamic change, which modifies larger planetary bodies over time, they are prized objects for scientific investigation, for they could represent some of the primordial material of the solar system.

IN BRIEF

Drug Can Slow Cirrhosis

NEW YORK (Reuters) — Mexican and Canadian medical researchers have found that an arthritis drug is effective in treating cirrhosis of the liver, a complication of alcoholism and a leading cause of death worldwide. Scientists said in a 14-year study, the drug colchicine increased survival rates significantly. For example, 75 percent of those treated with the drug lived for five years, compared with 34 percent for those not treated.

The study, reported by the New England Journal of Medicine, was conducted at the Instituto Nacional de la Nutricion Salvador Zubiran in Mexico City.

Hepatitis Threat to Fetuses

NEW YORK (NYT) — A federal recommendation last month to test all pregnant women for the hepatitis B virus reflected new evidence that many more infants are threatened by the virus than previously believed. The policy change also showed that many doctors were not diligent enough in ordering hepatitis tests for pregnant women known to be at high risk of the liver disease.

Officials at the U.S. Centers for Disease Control are asking Congress to add hepatitis B to the list of immunizations financed in public clinics.

AIDS Cases Top 100,000

GENEVA (AFP) — The number of AIDS cases reported to the World Health Organization exceeded 100,000 last month. Nearly 4,000 new cases were reported in June by the 176 countries supplying information to WHO, bringing the current official total to 100,410 worldwide, WHO announced.

The United States remains by far the most affected by the disease with 65,099 cases. It is followed by France, 3,628; Brazil, 2,956; Uganda, 2,369; West Germany, 2,091; Italy, 1,865; Canada, 1,775; Tanzania, 1,608; Britain, 1,463; Haiti, 1,374; Mexico, 1,302; and Spain, 1,126.

Leukemia Drug Promising

NEW YORK (NYT) — An experimental drug that is being developed as a possible treatment for AIDS is unexpectedly showing promise as a treatment for a common, devastating form of leukemia.

In laboratory experiments the drug, didanosine, or ddI, blocks an enzyme in leukemia cells and prevents them from growing.

Dr. Ronald McCaffrey of the Boston University Medical Center said he was optimistic that the new research might lead to a new treatment for patients with acute lymphoblastic leukemia.

Trace Minerals Affect Sleep

NEW YORK (NYT) — Trace elements in the diet can influence the quality of sleep, according to the U.S. Department of Agriculture.

The department's Human Nutrition Research Center in Grand Forks, North Dakota, found that women with shortages in their diets and blood of either two minerals, copper and iron, were more likely to have trouble sleeping. Conversely, the more aluminum the women ingested — mainly through antacids containing aluminum — the poorer the quality of their sleep.

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Financial and market data section. Includes 'Cross Rates' table with columns for Country, Rate, and Date. Includes 'Forward Rates' table with columns for Currency, Rate, and Date. Includes 'Key Money Rates July 6' table with columns for Instrument, Rate, and Date. Includes 'Interest Rates' table with columns for Instrument, Rate, and Date. Includes 'Currency Deposits' table with columns for Instrument, Rate, and Date. Includes 'Interbank Rates' table with columns for Instrument, Rate, and Date.

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TO POWER APPLIANCES In Touch with Tomorrow TOSHIBA

FROM THERMAL POWER

THURSDAY, JULY 7, 1988

WALL STREET WATCH

Bargains, Takeovers Seen For Cheap Biotech Stocks

By ANDREW POLLACK New York Times Service SAN FRANCISCO — Biotechnology stocks, once a glamorous investment, are in the doldrums. The result, analysts said, could be increased takeover activity within the industry and bargain-hunting opportunities for patient investors.

In contrast to some other issues, biotechnology stocks have not recovered from the October market collapse. The index of 64 biotech stocks compiled by Biotech Investor, a New York investment advisory newsletter, fell 3.2 percent from the end of October through May 20.

By comparison, the Standard and Poor's 500-stock index rose half of 1 percent in the period and the NASDAQ composite index rose 13.2 percent. Companies with earnings have done well, but development-stage companies are rocking along the bottom.

Mr. Weisbord of Prudential-Bache is recommending no stocks for short-term gains, but a few for the long term. One is Centocor, which is considered the leader in a branch of biotechnology known as monoclonal antibodies.

Mr. Casdin of Biotech Investor finds Genentech attractive at its lower price. He also likes Amgen Inc., which is expected to be the next genetic engineering company to market its products.

U.K. Firm Plans to Buy MTM

French Concerns To Participate

LONDON — Television South PLC, a television production company, said Wednesday that it had tentatively agreed to buy MTM Entertainment, co-founded by the actress Mary Tyler Moore, for about \$320 million in cash and stock.

The purchase of the U.S. production company, whose assets include more than 1,000 hours of programs such as the "Mary Tyler Moore Show," "Lou Grant" and "Hill Street Blues," was seen by analysts as an indication of the changing nature of British television.

For example, analysts noted that two leading media investors, Robert Maxwell and Rupert Murdoch, separately are planning to launch commercial satellite television ventures.

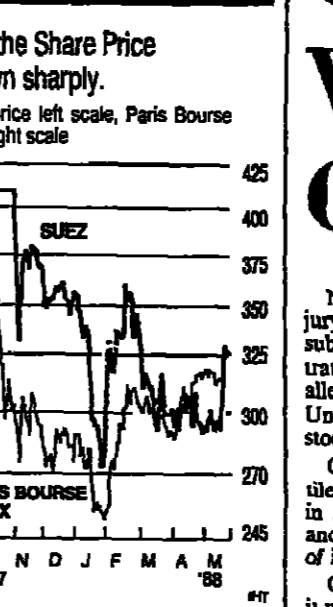
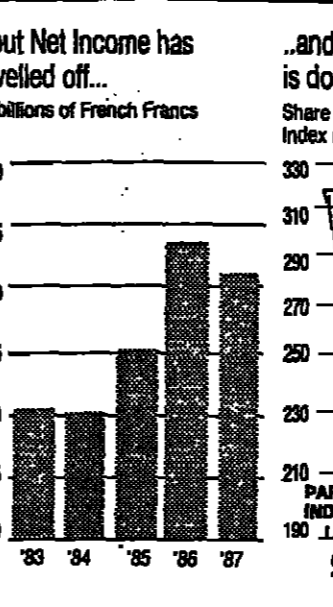
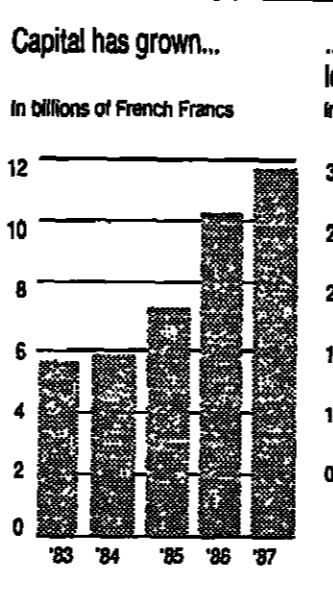
Four owners of MTM, including Miss Moore, who is a co-founder, would jointly own 15 percent of TVS under the arrangement.

The deal also would give TV South production capacity in the United States and potential access to American networks.

Besides its film library, MTM also has a 50 percent interest in CBS/MTM Co., a partnership whose main asset is a 40-acre production site with 17 studios in Los Angeles. Three more studios are under construction there.

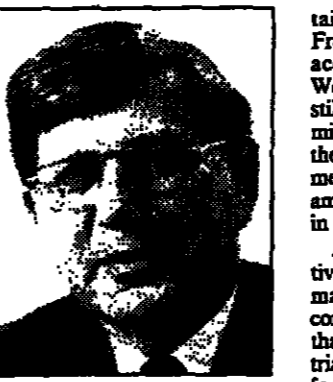
MTM also has a controlling interest in MTM Ardmore Studios in the Irish Republic, with four studios, according to TVS.

The Suez Group



Bottom Line Still in Doubt for Suez With Générale Battle Ended, the War for Profits Begins

By Jacques Neher Special to the Herald Tribune PARIS — Although Renaud de la Génère has expressed satisfaction over the outcome of the six-month battle for control of Société Générale de Belgique, there is neither time nor desire for jubilation.



Renaud de la Génère

Mr. de la Génère indicated that Suez will directly pay about \$2.2 billion French francs (\$1.36 billion) in cash and stock for Générale. In addition, Suez soon will have a majority stake in the holding company Sodocom SA, which paid about 2.5 billion French francs in subscribing to 12 million new Générale shares.

Sodocom is to purchase 6 million more shares from Mr. de Benedetti at a price of 5.3 billion French francs as part of the accord announced June 24.

Although Mr. de la Génère said he hoped to recover some of that cash by reselling Générale's shares to major investors and onto the Brussels Bourse, the victory has not given Suez shareholders much to celebrate so far.

The stock of Suez, the parent company of Banque Indosuez and a host of financial, industrial and real estate holdings, has tailed off slightly from 275 French francs a share when the accord was announced.

Analysts are decidedly negative about Suez's chances of making Générale, a holding company with interests in more than 1,200 financial and industrial concerns, pay off in the foreseeable future.

"I'd recommend avoiding Suez," said Erich Daehler, banking analyst with the Phillips & Drew brokerage house in London. "It will take much longer to restructure this group of companies than Suez first thought, and I believe that profitability of Suez will suffer, at least for this year and next."

He projected a dilution in Suez's per-share earnings of 15 percent in 1988, when Générale's See SUEZ, Page 11

GAF Is Charged With Fraud in Carbide Stock

The Associated Press NEW YORK — A U.S. grand jury indicted GAF Corp., two of its subsidiaries and its chief administrative officer Wednesday for the alleged manipulation of the price of Union Carbide Corp. common stock in 1986.

GAF made an unsuccessful hostile takeover bid for Union Carbide in 1985 and held out the threat of another attempt until it sold much of its holding in late 1986.

GAF confirmed last month that it was being investigated for possible securities law violations. On Wednesday, a spokesman said the charges were without merit and the company would defend itself vigorously.

The 10 count indictment charged GAF, its two subsidiaries — GAF Chemicals Corp. and Jay & Co. — and a GAF vice president, James T. Sherwin, with conspiracy, stock-price manipulation, securities fraud, wire fraud, causing the creation of false brokerage records and obtaining improper margin loans to finance stock purchases.

It was the first time a corporation had been charged with stock-price manipulation in the current insider-trading investigations.

The indictment alleges that the stock-price manipulation was accomplished through the Los Angeles-based brokerage firm of Jefferies & Co. The company's founder, Boyd Jefferies, pleaded guilty in March 1987 to two charges that arose from the Ivan F. Boesky insider-trading scandal.

On Nov. 10, 1986, GAF sold 5 million shares of Carbide stock to Salomon Brothers Inc. for nearly \$115 million.

According to the indictment, Mr. Sherwin never sent the \$40,000 GAF check to Jefferies. After the press reported that Boyd Jefferies, chairman of the brokerage, had been subpoenaed by the Securities and Exchange Commission in the Boesky investigation, Mr. Sherwin allegedly instructed his secretary to void the \$40,000 check.

to make the price of Union Carbide stock close at or above a specified point over several days in late October 1986.

The indictment says Mr. Sherwin took this action on behalf of GAF to manipulate Union Carbide's stock price upward in order to create the impression among potential investors that the stock was increasing in value and to maximize the gain to GAF in the event of a sale of its block of Carbide stock, according to the assistant U.S. attorney, Carl Loewenson Jr.

The indictment further alleges that Mr. Sherwin promised Jefferies & Co. that GAF would make good any losses on such trades. At the time, GAF owned approximately 10 million shares, or 10 percent, of Carbide.

At Mr. Sherwin's request, Jefferies & Co. bought large amounts of Carbide stock near the close of trading on Oct. 29 and Oct. 30, 1986. According to the indictment, as a result of these purchases, the price of Carbide common stock increased. Jefferies & Co. lost money on the Carbide stock purchase.

The indictment says one of Mr. Sherwin's alleged conspirators at Jefferies & Co. sent him a \$40,000 invoice for fictitious advisory services. Mr. Sherwin allegedly approved payment of the invoice, and GAF prepared a check payable to Jefferies & Co.

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Currency Rates

Table with columns for Currency, Par \$, and various rates for currencies like Australian dollar, British pound, etc.

Other Dollar Values

Table with columns for Currency, Par \$, and values for currencies like Canadian dollar, Hong Kong dollar, etc.

Forward Rates

Table with columns for Currency, 30-day, 60-day, 90-day, and 1-year forward rates.

Interest Rates

Table with columns for Eurocurrency Deposits, Key Money Rates, and Asian Dollar Deposits.

U.S. Money Market Funds

Table with columns for Fund Name, A.M., P.M., and Ch'ge.

OECD Tackles a Charged Issue: Pension and Welfare Reform

By Carl Gewirtz International Herald Tribune PARIS — The title of the meeting, "Social Policies for the 1990's," could hardly be more innocuous, but the topic is political dynamite: an urgent need to reshape and, possibly scale back the pension and health benefits of the welfare state.

This is the focus of the first-ever meeting of ministers responsible for social policy in the 24 members of the Organization for Economic Cooperation and Development. The meeting opened here on Wednesday.

Key questions that will be debated by the ministers include: Should the infirm elderly be required to spend their life's savings, including home equity, before becoming eligible for long-term care at public expense?

These are only two of many questions — there are no apparent answers yet — raised by the OECD's Secretariat in an effort to bring into the open the coming crunch on public spending in the early years of the 21st century.

A squeeze is inevitable because governments are already facing severe budget constraints. In addition, the spreading AIDS crisis will be eating ever deeper into public health care funds.

But the principal problem at the moment is the aging of populations — the elderly are living longer and the birth rate is lower. By the year 2020, it is projected that the over-65 group will make up 18 percent of the population, up from 13 percent in 1986.

The report questions whether — given the limit on public resources — retirement benefits have become too generous. In some cases, it says, "pension provision and other available resources are comfortably in excess of what is needed for adequacy." Such generosity cannot be sustained, it adds.

"The necessity for policy change is obvious, but not its precise dimensions," the report goes on. "There needs to be a clear definition of what the objectives of reform should be, what distribution of burden be-

tween working and retired population should be achieved." The secretariat stresses that the pattern of needs has changed since the 1960s.

Thus, while the position of the majority of old people has improved considerably, the secretariat notes that "adequate financial and social provision for the frail elderly" — defined as over 80 — will be one of the major challenges of coming decades.

Air France Criticized on U.S. Hotels

The Associated Press PARIS — The French government's accounting office has accused the Méri-dien hotel chain, a wholly owned subsidiary of the state-run airline Air France, of bad management of its U.S. properties.

In its annual report, the government body criticized Air France for having been obliged to bail out Méri-dien Hotel Inc., the U.S. unit of Société des Hôtels Méri-dien, in a face-saving operation.

The Cour des Comptes, the accounting agency, asserted that the difficulties stemmed from the company's practice of operating its worldwide chain of 50 hotels on a management-contract basis, with others putting up the capital. This has allowed it to be operated on a shoestring.

The agency said the company's problems were related to three hotels built in the early 1980's in San Francisco, New Orleans and Newport Beach, near Los Angeles.

OB I - YEN

Société d'Investissement à Capital Variable R.C. Luxembourg B 26193 AVIS AUX ACTIONNAIRES

Convocation Nous vous prions de bien vouloir assister à l'Assemblée Générale Ordinaire de OB I - YEN, Société d'Investissement à Capital Variable, qui sera tenue au siège social, 10A, Boulevard Royal, Luxembourg.

- 1. Recevoir et adopter le rapport de gestion du Conseil d'Administration pour l'exercice clos le 31 mars 1988. 2. Recevoir et adopter le rapport du Commissaire pour l'exercice clos au 31 mars 1988. 3. Recevoir et approuver les comptes annuels arrêtés au 31 mars 1988. 4. Arrêter la répartition bénéficiaire de la Société. 5. Donner quibus aux Administrateurs et au Commissaire pour l'accomplissement de leur mandat jusqu'au 31 mars 1989. 6. Renouveler le mandat des Administrateurs et du Commissaire pour un terme d'un an devant expirer à la prochaine Assemblée Générale Ordinaire des Actionnaires. 7. Divers

Les actionnaires nominaux inscrits au registre des actionnaires à la date de l'Assemblée seront autorisés à voter ou à donner procuration en vue du vote. Les procurations doivent parvenir au siège social au moins 24 heures avant la réunion. La présente convocation et une formule de procuration ont été envoyées à tous les actionnaires inscrits au 27 juin 1988. Des formules de procuration sont disponibles sur demande au siège social de la Société.

CORUM watch advertisement featuring a large image of a watch and text: Designs on time. Individually made with a degree of skill and care that belongs to a former time, Corum Watches carry design into the future. The Admiral Quattro epitomises this with the distinctive feature of four small dials showing the day, date, month and cardinal points of the compass. The strong and virtually scratchproof tungsten-carbide links that make up the bracelet are fastened together with solid gold bolts.

Gold

Table with columns for Location, A.M., P.M., and Ch'ge for gold prices in various cities.

BUSINESS SCHOOL LAUSANNE

SATURDAY M.B.A. Computer & information systems Next course starts August 6, 1988.



NYSE Most Actives table with columns: Vol, High, Low, Last, Chg.

Market Sales table with columns: NYSE, AMEX, OTC, etc.

NYSE Index table with columns: High, Low, Close, Chg.

Wednesdays NYSE Closing logo and text.

AMEX Diary table with columns: Class, Prev.

NASDAQ Index table with columns: Close, Chg, Week Ago, Year Ago.

AMEX Most Actives table with columns: Vol, High, Low, Last, Chg.

Dow Jones Bond Averages table with columns: Bonds, Utilities, Industrials.

NYSE Diary table with columns: Close, Prev.

Odd-Lot Trading in N.Y. table with columns: Buy, Sell, % of 100.

Dow Jones Averages table with columns: Open, High, Low, Last, Chg.

Standard & Poor's Index table with columns: High, Low, Close, Chg.

NASDAQ Diary table with columns: Close, Prev.

AMEX Stock Index table with columns: High, Low, Close, Chg.

N.Y. Stocks End Sharply Lower

NEW YORK — Prices closed sharply lower on the New York Stock Exchange Wednesday in active, program-driven trading...

The Dow Jones industrial average, which rose 27.03 points on Tuesday to its highest level since the October collapse, fell 28.45 to close at 2,130.16.

The index was down about 12 points an hour before the final bell and plunged more than 45 points before stabilizing and staging its partial recovery in the closing minutes.

Declines led advances by almost a 2-1 ratio. Volume totaled 189.63 million shares, up from 171.79 million traded on Tuesday.

Broad-market indexes also retreated. The New York Stock Exchange index fell 1.81 to 153.76. Standard & Poor's 500-stock index dropped 3.79 to 272.02.

"This market changes its focus everyday, sometimes intraday," said Jay Goldinger of Capital Insights Inc. of Beverly Hills, California.

Deepening the market's underlying strength, Mr. Goldinger said Wall Street remained concerned about the ability of the dollar to retain its recent gains, about interest rates in the United States and abroad, and about the outlook for inflation.

"There is too much skepticism about interest rates and the dollar," Mr. Goldinger said. "No one believes the dollar advance is for real. And as soon as the dollar stalled, everyone headed for the exits."

In New York trading Wednesday, the dollar closed lower against most major foreign currencies.

"People in general are afraid," Mr. Goldinger said. "Japan, West Germany and the U.K. are being forced to raise interest rates to defend their own currencies. This comes after the Toronto summit, where the participants said they were in agreement on the dollar. There is uncertainty about overall economic policy."

Nevada Power was the most active issue, off 1/4 to 21. Storage Technology followed, up 1/4 to 2 1/2. Bankers Trust was third, down 1/4 to 36 1/2. AT&T was off 1/4 to 26 1/2. IBM dropped 2 1/2 to 126 1/2.

Among the blue chips, General Electric was down 1/4 to 43 1/2. Procter & Gamble was off 1/4 to 76 1/2. USX was off 1/4 to 32 1/2 and Eastman Kodak was down 1/4 to 43 1/2.

Most oil stocks closed sharply lower. Mobil was down 1/4 to 43 1/2. Exxon was down 1 1/2 to 44 1/2. Pennzoil was off 1 1/2 to 33 1/2 and Chevron was off 1/4 to 47 1/2.

Prices closed lower in active trading on the American Stock Exchange.

The American Stock Exchange index fell 0.38 to 309.21, and the price of an average share lost 1 cent. Volume totaled 12.4 million shares, up from 11.51 million on Tuesday.

Table with columns: 12 Month High, Low, Stock, Div. Yld. PE, etc.

Table with columns: 12 Month High, Low, Stock, Div. Yld. PE, etc.

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Irving Bank advertisement with text: By Alison Leigh...

Advertisement for a company with text: New under certain conditions...

SUEZ: The E advertisement with text: (Continued from first page)...

Advertisement for a company with text: I don't have the habit of...

Norwegian Sign advertisement with text: \$1 Billion Pact For Luxury Line...

Advertisement for a company with text: Names New President...

Advertisement for a company with text: DP America Growth Fund...

Advertisement for a company with text: DP America Growth Fund...

Arabic text: هكرا من العجل



BUSINESS ROUNDUP

Irving Accepts Sweetened BCI Bid

By Alison Leigh Cowan
NEW YORK — The directors of the Irving Bank Corp. have agreed to accept an improved takeover offer from a friendly suitor, Banca Commerciale Italiana...

Now Banca Commerciale has offered under certain conditions to sweeten its bid with seven-year warrants that would entitle shareholders to buy a newly issued Irving share for \$65 at any time over the next seven years...

Irving said Tuesday that the addition to the Banca Commerciale offer increases significantly the value of the package. While the value of the various offers for Irving have been hotly disputed throughout...

62.5 cents to \$70.75 a share in Wednesday afternoon trading on the New York Stock Exchange. Bank of New York dropped 12.5 cents to \$36.

The new offer was presented Tuesday by Felix G. Rohatyn, the investment banker at Lazard Frères & Co. who is advising Banca Commerciale...

Bank of New York and some banking analysts challenged the assertions as to the value of the proposed warrants.

"Given that Irving's own advisers, Goldman, Sachs and J.P. Morgan, were a lot lower than the Lazard numbers, you have to view the Lazard numbers with skepticism," said Mark Lynch, a banking analyst at Bear, Stearns & Co.

Deutsche Bank Acquires BofA Units in Argentina

FRANKFURT — Deutsche Bank AG said Wednesday that it had acquired 29 Bank of America branches in Buenos Aires for an undisclosed price...

That price would value the entire company at about \$1.47 billion, based on 18.5 million shares outstanding. Irving last month rejected a \$1.18 billion bid by Bank of New York.

Irving's stock, which closed unchanged Tuesday at \$71.375, fell

Goldman, Sachs & Co. assigned an initial value to the warrants of \$2.75 to \$4.50 a share, and J.P. Morgan & Co. indicated a range of \$3.25 to \$4.93.

Irving executives defended the right of Irving's board to accept the higher estimates. "We could have taken other numbers and come up with higher values," said Robert Falise, an Irving spokesman.

The price of a warrant, as a type of long-term option, is a function of several clear-cut factors, such as the exercise price and the duration of the contract, but it is also a function of more subjective factors, such as the projected volatility of the underlying security and changes in interest rates.

Bank of New York executives, who said their advisers at Morgan Stanley & Co. only value the warrants at 19 to 38 cents each, also questioned whether the competing offer, conditional on a current rights plan, would still be valid if a New York judge invalidated a challenged feature of Irving's anti-takeover measure.

"If by any chance the judge lifts the poison pill tomorrow, does that mean the BCI offer regarding these warrants is withdrawn?" asked Owen Brady, a Bank of New York spokesman.

Bank of New York currently is offering Irving shareholders 1.575 Bank of New York shares and \$15 in cash, but the rebuffed suitor, describing its "best and final offer," also told the judge last week that it might restore an earlier higher bid, depending on the litigation.

French Enter British Market Via Kitchen

PARIS — BSN, France's largest food company, bought the makers of two major British condiments, Worcester-shire and HP sauces, Wednesday for about \$91 million.

Lea & Perrins Inc. and HP Foods Ltd. were purchased from the British conglomerate Hanson PLC as a key to possibly facilitate entry into the British food market, according to the chairman of BSN, Antoine Riboud.

"I am convinced we shall modify the culinary taste of the British people with our French, Spanish and Italian products," he said. BSN sells Evian mineral waters, Kronenbourg beer and Danone yogurts.

In the fiscal year that ended last September, the two sauce companies together earned pre-tax profit of \$20.6 million on sales of \$159 million.

It remains to be seen, however, if the British sauces will become staples on French dining tables, Mr. Riboud said. He said it took BSN some time to find a good buy in Britain, partly because the food industry is concentrated in a few hands and partly because of Britain's "special culinary habits."

Senator Urges Inquiry Into TWA's Aging Fleet

NEW YORK — Senator John B. Breaux, Democrat of Louisiana, has asked for an investigation into Trans World Airlines Inc.'s aging fleet of airliners and its financial and operating practices.

Mr. Breaux said he was urging the investigation to determine whether TWA's rising debt level, its dropping investment in new planes and related problems may be affecting safety.

He sent the request to Senator Wendell H. Ford, Democrat of Kentucky, who is chairman of the subcommittee on aviation of the Committee on Commerce, Science and Transportation. Mr. Breaux is a member of the committee.

Mr. Breaux said TWA's financial condition had worsened since it was taken over in 1985 by Carl C. Icahn, a New York-based investor who also is a major stockholder in Texaco Inc. The oil company, which has been resisting Mr. Icahn's advances, has significant holdings in Louisiana.

Stephen Slade, TWA vice president for government affairs, said the letter "seems to parrot some materials which appeared in advertisements by Texaco toward the end of the proxy fight between Icahn and that company."

"The allegations in the letter might be regarded in that light," Mr. Slade added. Mr. Icahn was not available for comment.

Mr. Breaux said, "At the time of the hostile takeover of TWA in 1985, allegations were made that Mr. Icahn would dangerously over-leverage the company, with a resulting decay in the capital investment necessary to operate safely and efficiently in today's market. The record suggests that these were not idle concerns."

In his letter, dated June 30, Mr. Breaux said that TWA's debt rose to \$2.3 billion last year, or 90 percent of total capital, from \$1.3 billion, or about 71 percent of capital, at the end of 1985.

Investment in new aircraft fell to \$39 million last year from an average of \$203 million a year in the three years before Mr. Icahn's takeover, Mr. Breaux said.

The TWA fleet, more than 14 years old on average, is the oldest in the airline industry, he said. He cited reports of serious violations of federal safety standards, and he also noted long hours worked by TWA mechanics.

"These reports and allegations are of a serious nature," Mr. Breaux added. He said an investigation should consider whether Mr. Icahn's attempts to take over other companies puts further financial strain on TWA.

Mr. Slade said that TWA would have 11 aircraft on order by the end of July and was negotiating with major manufacturers to place a substantial aircraft order within the next 60 days.

Eastern Air Lines Reaches Accord on Safety

WASHINGTON — Government officials announced on Wednesday an agreement between Eastern Air Lines' unions and management, designed to ease labor tensions and enhance safety.

Under the pact, a series of committees will be set up to hear grievances and to handle disputes over safety procedures.

INTERNATIONAL POSITIONS

THE BANK FOR INTERNATIONAL SETTLEMENTS
an International Institution in Basel, Switzerland, invites applications from ECONOMISTS
to fill a vacancy in its Monetary and Economic Department.

PERSONNEL MANAGER
Bank for International Settlements
4002 Basel, Switzerland.

The Walt Disney Company
European MIS Manager
Mid Range - PC Systems Paris

EDITOR
in the Düsseldorf editing section of McKinsey and Company, Inc., International Management Consultants.

SUEZ: The Battle for Générale Has Ended, but Issue Remains in Doubt on the Profit War

(Continued from first finance page)
results are expected to be fully consolidated into Suez accounts, and a further dilution of 5 percent to 10 percent next year.

Mr. de la Génère brushed aside market opinions. "If they want to buy our stock later, when the price is higher, that's their problem," he said.

He would not hint as to the acquisition's possible dilution of consolidated group earnings, which is a measure widely used in evaluating shares of financial stocks such as Suez.

"I don't have the habit of predicting numbers I don't know," he said, explaining that while most of Générale's holdings improved in the first half, he will not have a clear picture of the group until later this fall.

Générale's profits fell 22 percent in 1987 to 4.14 billion Belgian francs (\$108.4 million) at the consolidated earnings rate. Suez's consolidated earnings last year fell 10 percent to 2.13 billion French francs, reflecting in part the effect of last October's market fall on its portfolio.

Mr. de la Génère said there would be no dilution effect on the parent-company earnings, explaining that Suez this year will receive

140 million French francs in dividend income from Générale which will offset a 30 percent increase in Suez's share capital. Parent-company earnings in 1987 rose 7.6 percent to 425 million French francs, and the company last week increased its dividend to 6 francs a share from 4.6 francs.

Last Tuesday, Suez shareholders He said he viewed Générale not only as an investment through which Suez can draw bigger dividends by working to boost its earnings, but also as a source of merger or joint venture partners for Suez's other holdings, particularly in utilities, banking and communications.

He envisioned new ties between broadcasting satellite, scheduled for launch in November. Suez has indirect holdings in cinema, advertising and book publishing.

The possibilities for ventures in communications would multiply if Robert Maxwell, the British publisher, decides to buy into Générale. Mr. de la Génère confirmed reports that Mr. Maxwell was negotiating to buy a 10 percent to 14 percent stake.

Suez will not have an easy time forging alliances, analysts said, because Générale has only minority positions in most of the large companies under its umbrella and thus would need to win approval from other significant shareholders for such moves.

"Suez will have to convince third-party shareholders, who will always be suspicious that Suez is acting in its own interest," predicted Mr. Daehler.

Lyonnaise des Eaux, the water utility of which Suez owns 19 percent, and Tractebel, a Générale holding active in electrical energy and gas distribution; and between Banque Indosuez, a wholly owned investment-banking subsidiary, and Générale de Banque, the largest retail bank in Belgium.

In the communications sector, Générale has interests in cinema distribution, cable television, the Luxembourg television broadcaster Compagnie Luxembourgeoise de Télédiffusion and the Astra direct-

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In the communications sector, Générale has interests in cinema distribution, cable television, the Luxembourg television broadcaster Compagnie Luxembourgeoise de Télédiffusion and the Astra direct-

'It will take much longer to restructure this group of companies than Suez first thought, and I believe that profitability will suffer, at least for this year and next.'

Erich Daehler, analyst with Phillips & Drew.

authorized the issuance of new shares and warrants following a convertible bond issue in April. Since its privatization, Suez has authorized capital increases that could add as much as 9.5 billion French francs to shareholder equity over the next two years.

Mr. de la Génère, who came to Suez two years ago from a career in government financial administration, most recently as governor of the Bank of France, said it would take two to three years to restructure Générale.

Norwegian Signs \$1 Billion Pacts For Luxury Liner

OSLO — A Norwegian shipping executive, Knut Kloster, has signed preliminary contracts, worth about \$1 billion, with four West German shipyards to build a luxury cruise liner to be named the Bloxxir.

The shipyards are Howaldtswerke Deutsche Werft AG, Bremer Vulkan AG, Blohm and Voess AG and Thyssen Nordseewerke GmbH. Mr. Kloster signed the contracts for the 250,000-ton ship in Hamburg, a representative of the executive said.

The liner, to be completed by 1992, is to ply lucrative Caribbean cruise routes with a crew of 1,800 and space for 5,600 passengers.

Designs for the vessel show three eight-deck towers with cabins that would normally be below decks. "The aim is to liberate people from the constraints of the hull," Mr. Kloster said.

Mr. Kloster, the third-generation head of a family company, has set up an international consortium to finance the project with a combination of loans and stock issues.

Ahold of Netherlands Names New President

NEW YORK — Ahold NV, the largest food retailer in the Netherlands, has named Pierre J. Everaert, head of its U.S. unit, as its next president. Mr. Everaert, 49, is to succeed Albert Heijn on Sept. 1, 1989, when Mr. Heijn reaches 62, Ahold's mandatory retirement age.

Mr. Heijn's grandfather, who had the same name, founded the company in 1887 as a grocery store in Oostzaan. Mr. Everaert would be the first non-Heijn to run the company, which is now based in Zaandam. Ahold has annual revenue of about \$8 billion, half of which is from the United States.

DP America Growth Fund
Weekly net asset value on 1-7-1988 U.S. \$23.13
Listed on the Amsterdam Stock Exchange

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\*Figures quoted assume that your initial investment had been divided equally between our four investment companies.

To: The Manager, Robeco Group, PO BOX 973, 2215 3000 AZ Rotterdam, Holland. Yes, I'm interested in the Robeco Geneva Account. Please send complete investment information to: Mr/Mrs/Miss/Ms (delete where appropriate)

Surname & Initials Full Address Postcode Country

Robeco Geneva Account

DP America Growth Fund
The Quarterly Report as of 31st March 1988 has been published and may be obtained from: Pierson, Helderling & Pierson NV, Herengracht 214, 1016 BS Amsterdam, Tel. + 31 - 20 - 211188

INTERNATIONAL POSITIONS

PROJECT DIRECTOR
Required for a large Public Park project.

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Position based in southern Parisian suburbs. Send C.V. and photo ref. 74421 to Projects, 12, Rue des Pyramides, 75001 Paris, who will forward.







BUSINESS ROUNDUP

2 State-Owned British Companies Report Gains

LONDON — Two of the remaining state-owned British companies reported sharply improved earnings statistics on Wednesday...

British Steel to be brought to the forefront of the privatization program in the present Parliament...

firm the government's view that the company is now ready for a return to the private sector...

which is formally known as the British Railways Board. "By any standards it was a very successful year..."

B.Ae Says It Has Sold 8 More Turboprops

LONDON — British Aerospace PLC reported the second purchase in many days of its previously slow-selling advanced turboprop aircraft...

Bonn Agrees to Higher Subsidy for Airbus

BONN — West German government officials have agreed to a price that double the subsidy to the Airbus program...

The subsidy, originally planned at 200 million DM, would cover the payments guaranteed by the West German government...

The subsidy is expected to be endorsed by the cabinet Thursday. Also on Wednesday, the European Community's executive commission...

GT US SMALL COMPANIES FUND SICAV

Registered Office: 2 Boulevard Royal, 2953 Luxembourg. R.C. Luxembourg B-25176. Notice is hereby given to the shareholders...

BADRUITS PALACE HOTEL ST. MORITZ

Summer season 1988 July 2 - September 4. Restaurant - Grill-room. Acapulco snack bar with terrace restaurant...

Wednesdays AMEX Closing. Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Table with multiple columns listing stock prices, including symbols like ABL, ABM, ABN, etc., and their corresponding values.

REAL ESTATE TO RENT/SHARE GREAT BRITAIN. MAYFAIR, Short let luxury serviced apartments in the heart of London's shopping & entertainment district.

INTERNATIONAL CLASSIFIED (Continued from Back Page). REAL ESTATE TO RENT/SHARE PARIS AREA UNFURNISHED. NEUILLY EUGÈNE. Near bridge and metro.

INTERNATIONAL FUNDS (Quotations Supplied by Funds Listed) 6th July 1988

Large table listing various international funds with columns for fund names, currencies, and prices. Includes sub-sections like 'Other Funds' and 'Dutch Investment Centre B.V.'.

ESCORTS & GUIDES. ARISTOCATS. London Escort Services. 3 Shaftesbury Street, London W1.

ESCORTS & GUIDES. SHADOWS. Madrid Escort Service. Amsterdam 2000 Escort Service.

AS - Australian Dollars; BF - Belgian Francs; C - Canadian Dollars; DM - Deutsche Mark; ECU - European Currency Unit; FF - French Franc; G - Gibraltar Pound; HK - Hong Kong Dollar; I - Italian Lira; J - Japanese Yen; L - Luxembourg Franc; M - Monaco Franc; N - Netherlands Guilder; P - Portuguese Escudo; S - Swiss Franc; SF - Finnish Markka; T - Turkish Lira; U - U.S. Dollar; Y - Yugoslav Dinar; Z - Zairean Zaire.







CURRENCY MARKETS

Dollar Lower in Trendless Trading

NEW YORK — The dollar edged mostly lower on Wednesday, but the generally small declines defied technical predictions of a bigger drop.

Table with columns: Country, Unit, Rate, % Change. Includes entries for Deutsche mark, Japanese yen, Swiss franc, French franc.

Several dealers said they expected the dollar to range from 1.80 to 1.83 DM and from 132 to 135 yen over the next week.

Dealers in New York said activity was choppy and directionless, with the unwinding of large long short-term positions helping the dollar withstand sales.

The dollar fell in New York on Tuesday, which seemed to indicate the beginning of that reversal, but in Europe on Wednesday, bullish sentiment surfaced, and the U.S. unit then rose from early lows on short-covering, dealers said.

In London, the dollar closed at 1.8125 on Wednesday and at 1.8135 French francs, down from 6.1415.

The dollar rose to 1.8198 Deutsche marks from 1.8185, and it edged up to 6.1275 French francs from 6.1265.

Earlier in London, the dollar edged lower on the day but showed weak opening levels. It fell to 1.8220 DM from 1.8237 on Tuesday, and it dropped to 133.60 yen from 134.20.

The pound edged higher, rising to \$1.725 from \$1.7070. It also rose to 3.1215 DM from 3.1123 and its index of the pound against currencies of major British trading partners rose to 75.5 from 75.2.

People are getting a little more shy of the trade number. Everybody's afraid to forecast what it will be," said Françoise Soares-Kemp, a vice president in the Treasury division of Credit Suisse.

The local dollar, which hit that level on June 20, has since slipped to about 68.50 cents. Its close on June 20 represented a more-than 63 percent rise from March 1985, when it first freely floated at 44.44 cents.

Mr. Chan said his forecast for price rises in the quarter ending in June, and succeeding quarters, is less than 1 percent.

Nonetheless, the dollar still looks well bid, despite all the technical signs that say it is due for a correction," a U.S. bank dealer said.

"But in the last week or 10 days, interest rates have come off substantially, so support through interest rates is no longer there."

He also believes the government will have to ease monetary policy. "With real interest rates wider than 10 percent, it's absolutely ridiculous because you'd be choking off the economy completely," he said.

Taiwan Reserves Decrease

TAIPEI — Taiwan's foreign currency reserves fell sharply to about \$70 billion this week and are likely to drop further, central bank officials said Wednesday.

World Bank Warns of a Global Recession

WASHINGTON — The World Bank warned Wednesday of the possibility of a global recession and increasing volatility in financial markets unless leading industrial nations improve their economic policies.

Analysts Think Long Rise of New Zealand Dollar Is Over

WELLINGTON, New Zealand — The long rise of the New Zealand dollar, which has attracted investors from all over the world since it began its ascent two years ago, appears to be over, currency dealers and economists said.

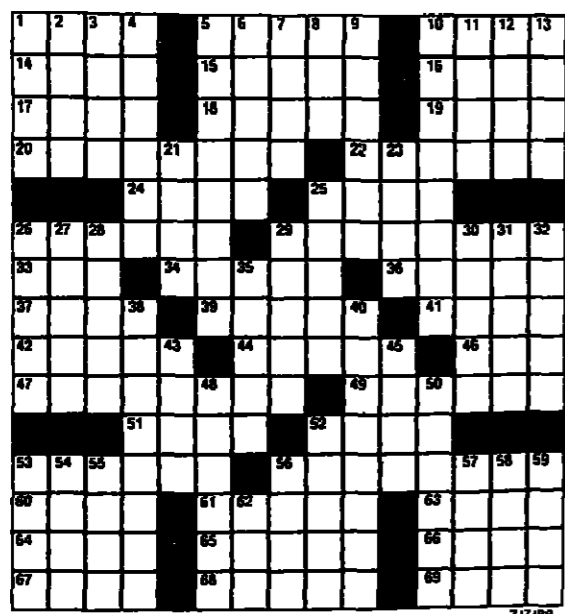
The economist agreed. "Monetary policy isn't tight; it's extraordinarily tight," he said. "We are disinflating at an extraordinary rate."

INSIDER: Scandal Touches Political Circles in Japan

(Continued from page 1) Problems from causing problems for the company," the spokesman said.

Large financial table titled 'Wednesday's OTC Prices' containing NASDAQ prices of 4,500 New York firms. Includes columns for stock symbols, prices, and changes.





- ACROSS**
- Boston
  - Orchestra
  - Oklahoma Indian
  - Cloudlike aggregation
  - Tree (quiver tree)
  - 14 Trees
  - 15 Quiver tree
  - 16 Rialto org.
  - 17 Author Ursula
  - 18 Sea duck
  - 19 Hardwood tree
  - 20 Trees that grow in wetlands
  - 24 Quebec's levisque
  - 25 Culture medium
  - 26 Slow down
  - 27 Make-believe
  - 33 Seth's mother
  - 34 Singer
  - 35 Haggard
  - 36 African antelope
  - 37 The 407th, for short
  - 39 Ranch in "Giant"
  - 41 Kind of rug
  - 42 Runs in neutral
  - 44 Concerning
  - 46 Haw instrument
  - 47 Cooperative effort
  - 49 Oxford's river
- DOWN**
- 1 Tropical tree
  - 2 Olive genus
  - 3 "Winnie-the-"
  - 4 A spouse in Sevilla
  - 5 Poisonous shrub
  - 6 Net on a
  - 7 Williams or Griffith
  - 8 Give in Glasgow
  - 9 Infuriate
  - 10 Lathes
  - 11 Arrow poison
  - 12 Suffix with young or old
  - 13 Sticky substances
  - 21 Bacterium
  - 22 Recent
  - 23 Valor
  - 24 Pardon
  - 27 Dodge
  - 28 Induction-motor inventor
  - 29 Platform part
  - 30 Old Testament book
  - 31 Racer, e.g.
  - 32 Flanges
  - 35 Ranges
  - 38 Trees used in tanning
  - 40 Sticky-tongued mammal
  - 43 Graceful bird
  - 44 "she blows!"
  - 45 Mandates
  - 46 Gone up
  - 52 Struck
  - 53 Nautical cry
  - 54 Like some excuses
  - 55 Big butte
  - 56 Indigenous Japanese
  - 57 Stringed instrument
  - 58 Norman of TV
  - 59 Lyrist
  - 62 Grassland

PEANUTS



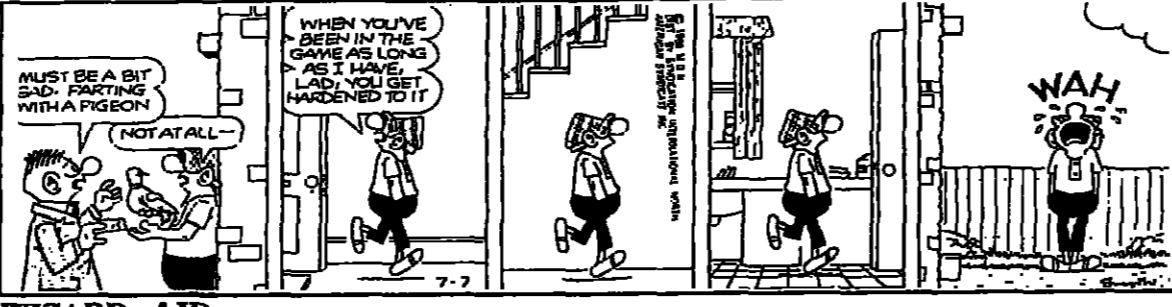
BLONDIE



BEETLE BAILEY



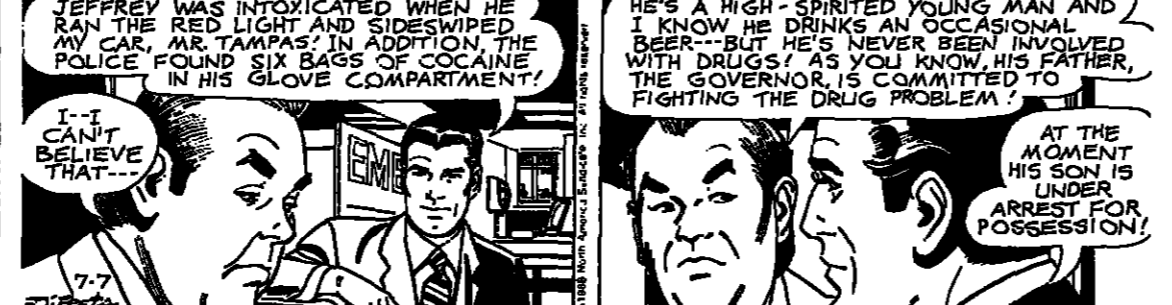
ANDY CAPP



WIZARD of ID



REX MORGAN



GARFIELD



BOOKS

JOHN CHEEVER: A Biography

By Scott Donaldson. Illustrated. 416 pages. \$22.50. Random House, 201 East 50th Street, New York, N. Y. 10022.

Reviewed by Michiko Kakutani

"A WRITER can be seen clumsily learning to walk to tie his necktie, to make love, and to eat his peas off a fork." John Cheever wrote in the preface to his collected stories.

"He appears much alone and determined to inure himself. Naive, provincial in his case, sometimes drunk, sometimes obese, almost always clumsy, even a selected display of one's early work will be a naked history of one's struggle to receive an education in economics and love."

Throughout Cheever's work, of course, there are constants to be found: "A love of light and a determination to trace some moral chain of being," as he once put it, as well as an abiding compassion for those exiles from "a long lost quarter" when "you heard the Benny Goodman store, and when almost everybody wore a hat."

Afflicted with nostalgia and recurrent bouts of memory and desire, his characters stagger uncertainly through a changing world, looking for the old-fashioned virtues of beauty and love but often succumbing instead to drink, divorce and other modern confusions.

Yet if Cheever's characters tend to share certain concerns and habits (New York City and the suburbs in Connecticut and Westchester), their creator's work, as a whole, also traces an emotional arc, a curve of spiritual growth and maturation.

A note of sadness grows increasingly insistent in the stories, and the sunlit if shadowed world of "The Wapshot Chronicle" (1957) gives way to the more violent landscapes of "The Wapshot Scandal" (1964) and "Bullet Park" (1969), and finally to the dark but radiant vision of "Falconer" (1977).

What Scott Donaldson, the author of earlier studies of Ernest Hemingway and F. Scott Fitzgerald, proposes to do in his biography of Cheever is to illuminate the life behind the work, to "begin to understand," as he puts it, the man who John Updike said wrote "as with a quill from the wing of an angel." Unfortunately, he is only intermittently successful.

Again and again in this volume, Donaldson contrasts the regularity of Cheever's domestic world ("the fine house, the well-kept grounds, the family heirlooms") with his inner turmoil, his attempts, during the 1970s, to escape the confinement represented by his marriage and the genteel conventions of an upper-middle-class life.

The disappointment and fear lurking beneath the well-groomed facades of suburban life, of course, was one of the recurrent themes of the author's own fiction, an given the shortcomings of this biography, the reader turns eagerly to Cheever's own magical and transforming prose.

Some of the material in this volume, including discussions of Cheever's writing habits, his disputes with The New Yorker and his conflicted homosexuality, will be familiar to readers of "Home Before Dark," the memoir by his daughter, Susan Cheever.

Lacking her acutely personal perspective, Donaldson strives for objectivity. He tells us how Cheever spoke ("he spoke much as he wrote—a beautifully crafted language").

He tells us what he wore ("the dressed well, favoring Brooks Brothers clothes") and what he looked like ("he was about 5 feet 5 and weighed 140 pounds—he looked rather like Burgess Meredith"). He also uses words like vulnerability, self-loathing and duality to try to explain his drinking and bouts of depression.

Commonplace experiences are solemnly and mechanically noted ("went to school"; "in the Army, he found that "some days of training were more than others").

When it comes to actually narrating the story of his life, Donaldson relies heavily on the testimony of Cheever's writings. Like all artists, Cheever certainly drew upon his own experience. He once called "The Wapshot Chronicle" "a posthumous attempt to make peace with my father's ghosts." But he also pointed out that "fiction is not crypto-autobiography." Just as surreal events and mythic characters had a way of intruding upon his naturalistic fictional world, so were incidents in his own life embellished and reimagined.

Donaldson does a judicious job of trying to sort through various stories concerning Cheever's father's employment: He notes that public records list his occupation as "shoe salesman," while the author later insisted that he had been a factory worker.

And he occasionally shows us the assorted interpretations that a single incident could generate. A dangerous fall from a window, for instance, was variously described in terms of a deliberate jump, a murder attempt by a friend and a liquor-fueled party prank.

In other cases, however, Donaldson simply leads the reader to assume that something described in a story or novel was actually experienced by Cheever himself. In talking about "The National Pastime," a story that depicts the thoughts of a father who has just absorbed to teach his son baseball, he argues that the son's "very anonymity suggests his identification with Cheever."

Elsewhere, he tends to imply that every fictional portrait of a powerful or domineering woman was a reflection of the author's relationship with his mother or his wife.

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Michiko Kakutani is on the staff of The New York Times.

Solution to Previous Puzzle

AMEND	MLIV	UNIT
VALUE	YULE	NOSH
GOLDFINGER	ERLE	
GINAS	SEAMER	
GENTS	PULSATE	
ERASER	PUSIN	
LAP	SOARS	ELBOW
KITS	SLOAN	YARE
SLATS	OWNER	TAN
IREFUL	WERENT	
UNNAMED	LIMOS	
RENNIN	BESOT	
ICED	DARTHVADE	
ARME	ESAU	ARETE
HOOD	ROTS	LYRES

BRIDGE

By Alan Truscott

SOME recent history may be on the minds of some American players next year. Those who win the Spingold Knockout Teams in Salt Lake City in July may end up representing the United States in the 1989 World Team Championship in Perth, Australia.

Unlike the Americans who went there in the hope of recovering the America's Cup, the bridge players will be seeking to extend a string of seven Bermuda Bowl victories.

The Australians, who have often done well in world events, are likely to make a strong showing when the world championships go down under for the first time.

Their leading player-writer is Ron Klinger, who noted the

diagrammed deal in the 1986 Australian Open Team Championship. Looking at all four hands, would you choose to play or defend a contract of six hearts?

A diamond or spade lead gives South an easy time, but trump is better, removing dummy's only entry. But after taking the heart king, South can still prevail by ruffing out the diamond ace and making the right play in clubs. The ace, the queen or the four?

With the actual layout, the ace fails and the queen or four succeed. Against weak opponents, the ace is right, but against strong ones the queen is slightly better; you can expect a defender who has the spade king and the doubleton club king to unblock his club king and

the ace to avoid the end-play. However, we have not yet tried the best opening lead. At double-dummy West must lead the club king, leaving South with no way to avoid the loss of two black-suit tricks.

WEST (D)

♠	KJ7652
♥	Q98
♦	A1054
♣	A9532

EAST (S)

♠	984
♥	AKQ
♦	KQJ73
♣	A10532

WEST (E)

♠	AK7652
♥	Q98
♦	A1054
♣	A9532

EAST (W)

♠	984
♥	AKQ
♦	KQJ73
♣	A10532

DENNIS THE MENACE



JUMBLE

Unscramble these four jumbles, one letter to each square, to form four ordinary words.

HIGEW

DEUXE

VESSUR

FONZER

ANSWER: HIGEW: GIGANT; DEUXE: GIGANT; VESSUR: GIGANT; FONZER: GIGANT.

WEATHER

EUROPE		ASIA	
HIGH	LOW	HIGH	LOW
Aberdeen	21 7	Amoy	28 24
Athens	21 12	Bangkok	28 24
Berlin	21 12	Beijing	28 24
Bombay	28 24	Hong Kong	28 24
Buenos Aires	21 12	Manila	28 24
Calcutta	28 24	New Delhi	28 24
London	21 12	Seoul	28 24
Los Angeles	28 24	Singapore	28 24
Madrid	21 12	Taipei	28 24
Moscow	21 12	Tokyo	28 24
New York	28 24		
Paris	21 12		
Rome	21 12		
Sao Paulo	28 24		
Shanghai	28 24		
Stockholm	21 12		
Tientsin	28 24		
Washington	28 24		
Yokohama	28 24		

World Stock Markets

Via Agence France Presse Closing prices in local currencies, July 6

Amsterdam		London		Paris		Tokyo	
Close	Prev.	Close	Prev.	Close	Prev.	Close	Prev.
ABN Bank	45.40	AA Corp S	15.75	Alcatel	107.00	Asahi	107.00
Alfa Romeo	45.40	Allied Ind	15.75	Alstom	107.00	Banque	107.00
Amstel	45.40	Anglo Am	15.75	Bois	107.00	Chemical	107.00
ANWB	45.40	Anglo Ind	15.75	Bois	107.00	Electric	107.00
ASR	45.40	Anglo Ind	15.75	Bois	107.00	Gas	107.00
ASR	45.40	Anglo Ind	15.75	Bois	107.00	Iron	107.00
ASR	45.40	Anglo Ind	15.75	Bois	107.00	Lead	107.00
ASR	45.40	Anglo Ind	15.75	Bois	107.00	Nickel	107.00
ASR	45.40	Anglo Ind	15.75	Bois	107.00	Platinum	107.00
ASR	45.40	Anglo Ind	15.75	Bois	107.00	Silver	107.00
ASR	45.40	Anglo Ind	15.75	Bois	107.00	Zinc	107.00

Sydney		Zurich		Toronto		Stocks	
Close	Prev.	Close	Prev.	Close	Prev.	Close	Prev.
ANZ	4.44	Adia	6500	Alcan	12.50	Alcan	12.50
BHP	4.44	Bank N	6500	Alcan	12.50	Alcan	12.50
Commonwealth	4.44	Bank N	6500	Alcan	12.50	Alcan	12.50
Westpac	4.44	Bank N	6500	Alcan	12.50	Alcan	12.50
ANZ	4.44	Bank N	6500	Alcan	12.50	Alcan	12.50
BHP	4.44	Bank N	6500	Alcan	12.50	Alcan	12.50
Commonwealth	4.44	Bank N	6500	Alcan	12.50	Alcan	12.50
Westpac	4.44	Bank N	6500	Alcan	12.50	Alcan	12.50

Tokyo		Sao Paulo		Milan		Stocks	
Close	Prev.	Close	Prev.	Close	Prev.	Close	Prev.
Asahi	107.00	Banco	1195	Alcatel	107.00	Asahi	107.00
Banque	107.00	Banco	1195	Alcatel	107.00	Banque	107.00
Chemical	107.00	Banco	1195	Alcatel	107.00	Chemical	107.00
Electric	107.00	Banco	1195	Alcatel	107.00	Electric	107.00
Gas	107.00	Banco	1195	Alcatel	107.00	Gas	107.00
Iron	107.00	Banco	1195	Alcatel	107.00	Iron	107.00
Lead	107.00	Banco	1195	Alcatel	107.00	Lead	107.00
Nickel	107.00	Banco	1195	Alcatel	107.00	Nickel	107.00
Platinum	107.00	Banco	1195	Alcatel	107.00	Platinum	107.00
Silver	107.00	Banco	1195	Alcatel	107.00	Silver	107.00
Zinc	107.00	Banco	1195	Alcatel	107.00	Zinc	107.00

Major League Standings		Baseball		Hockey	
Team	W-L	Team	W-L	Team	W-L
AL East	48 21 412	AL East	48 21 412	AL East	48 21 412
AL West	48 21 412	AL West	48 21 412	AL West	48 21 412
NL East	48 21 412	NL East	48 21 412	NL East	48 21 412
NL West	48 21 412	NL West	48 21 412	NL West	48 21 412



BRIEFS

Plan to Broaden

With the North... announced a major change in... with the North and would...

5 More Justices

(NYT) — The government of... suspended five Supreme Court... face a special tribunal that will...

Arms Pact Proposed

General Manfred Werner of NATO... certain the Western alliance... this year on a treaty with the...

in Southern Europe

At least six persons have died from... southern Europe, and weather... last for several more days...

ged by Taiwan Party

Teng had welcomed delegates... Nationalist Party, or Kuomintang...

g in a Namibian Ship

(AP) — One black man was... condition and four additional...

EL UPDATE

Air traffic congestion, which... Europe this summer, will get...

igation May Worsen

Air traffic congestion, which... Europe this summer, will get...

ash With Armenian

Investors and politicians... injured in the airport...

Game Lost in the Market

International Herald Tribune

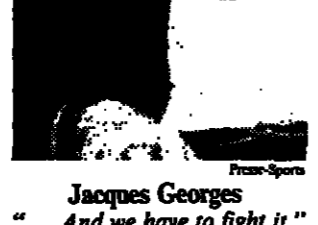
LONDON — When market... franchises and every now and...

ROB HUGHES

pleased merely at brushing... shoulders with the mooned elite...

was in the air. The BBC came... into the picture, offering to share...

There are still the hawks. But... none of the big five (or the big 10)...



Jacques Georges

Ron Noades, chairman of Second... Division Crystal Palace completed...

announced his retirement in June... 18 months early, just so people...

WASHINGTON — At the beginning... of the movie "Bull Durham,"...

By Thomas Boswell

WASHINGTON — At the beginning... of the movie "Bull Durham,"...

Browning, Back in Top Form, Stifles Mets on 3 Hits

Compiled by Our Staff From Dispatches

NEW YORK — Tom Browning... views his demotion to the minor...

Ever New, Baseball Rewards Its Faithful

By Thomas Boswell

WASHINGTON — At the beginning... of the movie "Bull Durham,"...

said of his stint in the minors in... June and July. "But it made me a...

BASEBALL ROUNDUP

Braves 10, Phillies 5: In Atlanta... Bruce Benedict drove in two runs...

drove in runs as the Reds won their... third straight.

BASEBALL ROUNDUP

Braves 10, Phillies 5: In Atlanta... Bruce Benedict drove in two runs...

of the game has a sense of pace... and proportion that any director...

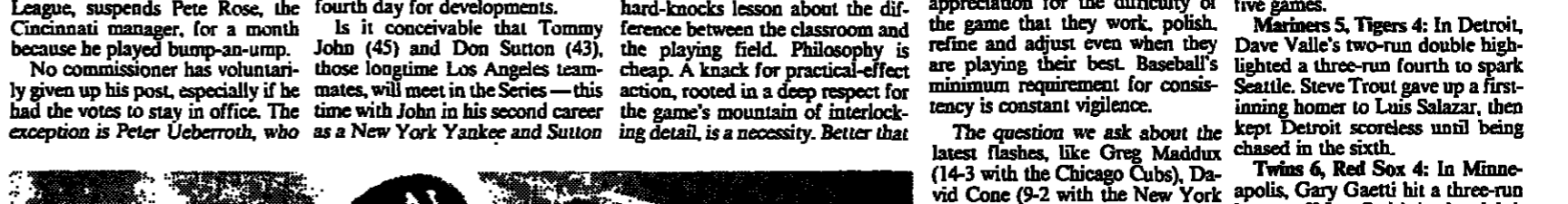
BASEBALL ROUNDUP

Braves 10, Phillies 5: In Atlanta... Bruce Benedict drove in two runs...

the Expos, who blew a two-run lead... in the ninth inning. The Astros...

BASEBALL ROUNDUP

Braves 10, Phillies 5: In Atlanta... Bruce Benedict drove in two runs...



Liturgies, a sense of pace and proportion, and evidence that hyperbole rarely works except in reality.

SCOREBOARD

BASEBALL

Tuesday's Major League Line Scores

Table with columns for American League and National League, listing teams and scores.

Major League Standings

Table showing league standings for American and National Leagues.

TENNIS

TO Leaders

Table listing tennis players and their performance metrics.

TRANSITION

BASEBALL

CALIFORNIA—Recalled Ted Bostley... fielder, and Terry Clark, pitcher...

TRANSITION

DETROIT—Placed Alan Trammell... shortstop on the 15-day disabled list...

TRANSITION

BASEBALL

PHILADELPHIA—Signed Tom Chambers... forward, to a five-year contract.

TRANSITION

COLLEGE

HARVARD—Named Jim DePinto assistant... baseball coach, Julie Spenser assistant...

TRANSITION

NEW MEXICO—Named Scott Duncan as... assistant basketball coach.

TRANSITION

BASEBALL

ATLANTA—Signed George Yarno, offensive... infielder, and Chris Johnson, defensive...

Boxing Rings, Wedding Rings: A Cycle Unbroken

Washington Post Service

WASHINGTON — The place was... Atlantic City, New Jersey. He was...

VANTAGE POINT/Shirley Povich

are still much in love, bless them... But Gilbert & Sullivan would have...

Robbin and Mike, Atlantic City, 1988?

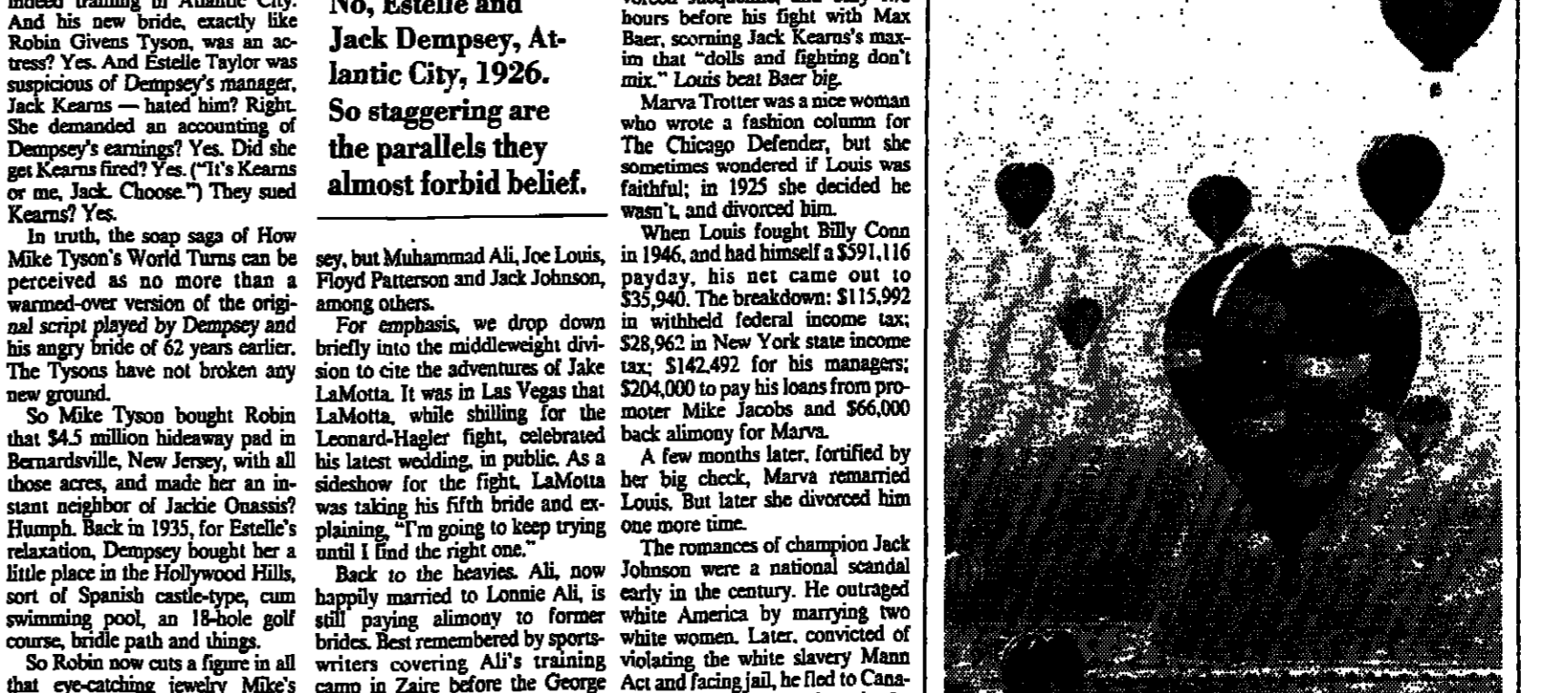
No, Estelle and Jack Dempsey, Atlantic City, 1926. So staggering are the parallels they almost forbid belief.

Robbin and Mike, Atlantic City, 1988?

No, Estelle and Jack Dempsey, Atlantic City, 1926. So staggering are the parallels they almost forbid belief.

DESERT SAILING

Hot air balloons over the Negev... on Wednesday at the start of a three-day competition.



DESERT SAILING — Hot air balloons over the Negev on Wednesday at the start of a three-day competition.



